



**Australian Government**

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**Department of Communications,  
Information Technology and the Arts**

**DEPARTMENT OF  
COMMUNICATIONS, INFORMATION  
TECHNOLOGY AND THE ARTS**

Annual Report 2003–04





**Australian Government**

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**Australian Government**  
**Department of Communications,  
Information Technology and the Arts**

Secretary

**Helen Williams AO**

Senator the Hon Helen Coonan  
Minister for Communications,  
Information Technology and the Arts  
Parliament House  
CANBERRA ACT 2600

Dear Minister

In accordance with the provisions of section 63 of the *Public Service Act 1999*, I present to you my report on the operation of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2004.

The Requirements for Annual Reports, approved by the Joint Committee of Public Accounts and Audit, require that a copy of the report be laid before each House of Parliament on, or before, 31 October 2004.

Yours sincerely

A handwritten signature in black ink that reads "Helen Williams".

Helen Williams  
5 October 2004

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# GUIDE TO THE ANNUAL REPORT

This report outlines the performance of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2004. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, released in June 2004.

Under these requirements, the Department must report against the outcomes, administered items, outputs, and performance and budget information in the Department's 2003–04 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). It is suggested that the Annual Report is read in conjunction with these documents.

The report is structured as follows:

## Section 1 – Overview

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, outcome and output structure.

## Section 2 – Performance review

This section provides a report on the Department's performance against its outcomes. These outcomes cover arts and culture, sport and communications. This section also includes the performance of the former National Office for the Information Economy in relation to the information economy functions, which were transferred to the Department on 8 April 2004.

The performance information is reported against the success measures in the 2003–04 PBS and PAES. The success measures are supported by a number of performance indicators which can be viewed in the PBS and PAES. To assist a 'clear read' between the documents, a table linking the performance information in the annual report to the PBS or PAES performance indicators is provided at the beginning of each of the outcome reports in section 2.

## Section 3 – Management and accountability

This section reports on the Department's management practices, including its governance arrangements and management of its human and financial resources.

## Section 4 – Appendices

The appendices provide supplementary information such as human resource statistics, appearances before parliamentary committees and mandatory reports such as the Department's ecological and environmental performance. The appendices also include the annual report from the Networking the Nation Board, at Appendix 9.

## Section 5 – Financial statements

This section contains the Department's audited financial statements for 2003–04.

Following the financial statements is a list of acronyms and an index to assist the reader.

## SECTION 1

### Overview



Secretary's review

Departmental overview

Portfolio structure

Organisational structure

Outcomes and output structure



## SECRETARY'S REVIEW

The year 2003–04 has been a busy one for the Department, but also one of significant achievement and one that sets the scene for further progress in the future.

Convergence of technologies and markets continues to shape developments in the information and communications sectors as Australia continues its rapid progress towards becoming a fully-fledged information economy. The Department has been conscious of the importance of convergence both to policy development and regulatory arrangements.

Convergence also has implications for administrative structures. The information economy functions of the former National Office for the Information Economy (NOIE) were transferred to the Department during the year to take advantage of the growing synergy between those two organisations. In addition, considerable progress was made in concert with the Australian Broadcasting Authority and the Australian Communications Authority (ACA) towards the merger of these two agencies to form an Australian Communications and Media Authority by 1 July 2005, as announced in the 2004–05 Budget context.

Adding to the increased interlinkages between the broadcasting, telecommunications, information technology and information economy areas of the Portfolio, there have been increasing synergies with arts and culture areas. In an era of rapid technological change, content creation – particularly through film and the digital arts more generally – for the telecommunications and broadcasting sectors, and the resulting intellectual

property, is becoming increasingly important. Establishing the correct policy settings to harness the maximum benefit for Australia is a challenge for government and for the Department in its policy advising role.

### Building partnerships internationally, nationally and across government

The Department has given particular attention during the year to the development of key partnerships at all levels of government, both nationally and internationally.

Perhaps the greatest focus at the international level during the year was the Department's involvement, across a range of Portfolio areas, in the consultative process underpinning Australia's negotiating position for the Australia–United States Free Trade Agreement. Negotiations covered the areas of telecommunications, e-commerce, audiovisual services, intellectual property and government procurement.

Also in June 2004, *Australia's Strategic Framework for the Information Economy 2004–06: Opportunities and Challenges for the Information Age*, was finalised after extensive consultation with other Australian Government agencies, state governments and the private sector. It outlines a vision and action plan to ensure that Australia maintains its position as one of the world's leading information economies.

Another priority task for the Department in the international sphere was the continued

fight against doping in sport. With the adoption in the previous year of the World Anti-Doping Code, the Department is now contributing to the drafting of a UNESCO convention against doping in sport, for consideration by Ministers in December 2004.

The Department and the former NOIE, together with the ACA, have taken an active role both internationally and domestically in efforts to combat unsolicited electronic mail (spam) and to increase the level of trust and confidence in the online economy. This will be a continuing focus for the Department in 2004–05.

The *National Broadband Strategy*, a key response to the Regional Telecommunications Inquiry (RTI) that was released during the year, outlines a vision for broadband development and implementation and was a collaborative effort involving the states and territories. The National Broadband Strategy Implementation Group, chaired by the Department and with representation from all levels of government, has proved to be an effective partnership in the implementation and realisation of the Strategy.

In the cultural and sports sectors, the Department has continued its strong leadership role both within formal consultative government mechanisms and with the arts sector more generally. As one example, the negotiation with the Australia Council and the states and territories of the Visual Arts and Craft Strategy has resulted in joint government funding of \$39 million over four years to enhance sustainability in the sector. The role of the Department in these negotiations was pivotal to the delivery of the whole-of-government results.

The Department gave priority to the coordination of an Indigenous Arts Centre Strategy and Action Plan which involved a set of targeted interventions across government aimed at building a strong and sustainable Indigenous visual arts and craft sector, and to provide commercial and employment opportunities in Indigenous communities. The Department has also played a catalytic role in the establishment of the Collections Council of Australia which was agreed to by the Cultural Ministers and which will provide strategic leadership for this important segment of the cultural sector, focusing in particular on the needs of regional collections.

Considerable cross-government consultation by the Department was important in leading the taskforce which supports the Minister for the Arts and Sport in his coordination of Australian Government assistance for the Melbourne 2006 Commonwealth Games, and in liaising with the Victorian Government on planning and delivery of funding and other assistance. An evaluation undertaken during 2003–04 found a high level of satisfaction across government departments and agencies with the Taskforce's effectiveness.

## Ongoing policy development and review

Policy development and review is a major function of the Department and is discussed throughout the report. Several initiatives, however, merit special comment in view of the substantial engagement by the Department in the development process.

In 2003–04, there were a number of significant reviews in the broadcasting

area of the Department. The Department chaired the Digital Radio Study Group which examined issues relating to digital radio, provided policy advice on the revision of the anti-siphoning scheme announced in April 2004, and completed two reviews into arrangements for regulating online content and services – the *Online Content Co-regulatory Scheme* and the *Interactive Gambling Act*. A series of statutory reviews of the digital television regulatory framework also commenced.

During the year, the Department also conducted a major review of the Universal Service Obligation (USO) which ensures that a standard telephone service and payphones are reasonably accessible to all Australians wherever they live or do business. In June 2004, the Government announced that there would be no change in the broad legislative USO framework.

Reviews undertaken in the context of the 2003–04 Budget also included a number that were significant in the policy development process including those of the Australia Council's triennial funding and the Regional Arts Fund.

## Program implementation and evaluation

Program administration, in all its facets, continues to be a departmental priority.

Perhaps the most significant implementation task that faced the Department during the year concerned the Government's response to the report of the RTI. Overall, implementation has progressed well. Of the 39 recommendations, 17 have been completed, 15 are well advanced and seven are linked to the Telstra sale legislation. There have, however, been

some slippages in timeframes (including for the Higher Bandwidth Incentive Scheme) because of the complexity of the issues involved.

Increased accessibility to broadcasting services through the implementation of the black spots programs is progressing well, although there was still slippage in implementing some projects and the Department continues to work actively with funding recipients to encourage them to meet milestones and acquit projects. The Television Black Spots – Alternative Technical Solutions program has faced particular challenges due to the additional technical complexity involved in providing digital broadcast solutions in locations with challenging terrain.

The Networking the Nation Program (NTN), which provided for the roll-out or upgrade of telecommunications infrastructure, is now largely complete and the Department focused on assessing final reports and acquittals by grant recipients during the year. An evaluation of the NTN program was nearing completion. A detailed review on the program is provided in this report.

In the important area of security, the Department moved promptly to establish the organisational framework for critical infrastructure protection under the Trusted Information Sharing Network, and the IT Security Expert Advisory Group is in operation and providing well-regarded technical advice to industry and government. In addition, the Department worked with industry and research community participants in the Framework for the Future process to implement the recommendations of the *Enabling Our Future* report and to keep its findings under review.

Considerable work has also been undertaken to tighten the focus and delivery of arts access programs, in particular in regional Australia, and of the range of cultural touring programs. Compliance with grant conditions by successful applicants to the touring programs has been consistently high.

## Departmental management

The Department has continued to work to strengthen its management systems and has made significant progress in improving its corporate and financial management processes and its governance arrangements.

Governance arrangements continued to have a high priority. The Executive has strengthened further the performance and structures of the corporate management committees and a system of self-assessment was piloted for these committees during the year. The pilot was successful and the system will be fully implemented in 2004–05.

The progressive development and revision of key governance documents included the *Corporate Plan*, *Fraud Control Plan*, *Risk Management Policy and Guidelines*, *Business Continuity Plan*, *Workplace Diversity Plan* and *Harassment Plan*. Work began on the development of an Intellectual Property Policy and a non-financial performance reporting structure for the Department to be implemented in 2004–05.

Following extensive consultation with Arts and Sport Portfolio bodies, the Department also finalised the revision of the publication *General Guidance for Directors of Statutory Authorities* to take account of

developments in corporate governance and advice on best practice.

The Department's Executive Management Group established a Human Resource Management Committee during the year to provide strategic advice on human resource issues. The committee oversaw the development of, and the commencement of transition to, a new human resource service delivery model for the Department which involves the restructuring of the current outsourced arrangements to a more strategic approach, providing stronger in-house management and accountability. Payroll and leave administration functions will continue to be outsourced. The collection of more complete workforce data commenced, to assist with the development of the *Human Resource Strategic Plan* and the introduction of upgraded succession planning arrangements within the Department.

In addition, the Department successfully negotiated its Certified Agreement for 2004–07, with 92 per cent of staff voting in favour of the Agreement.

The Information Management Committee oversaw the successful transition to new information technology and communication providers.

The Department did not perform to target on some aspects of ministerial support. In particular, responses to Ministers' correspondence and to Parliamentary Questions on Notice were not of a sufficient standard. This was largely due to the need to coordinate responses across a large number of Portfolio agencies, and the Department is exploring systems to improve response times in 2004–05.

The Department's work in refining its financial management controls and practices over the last few years has led to considerably stronger budget management across the Department, and the success of this work is reflected in the Department's improving budget position. Further improvements will be made with the release on 1 July 2004 of a revised departmental Chart of Accounts and upgrades to the Department's Financial Management Information System to improve reporting capabilities.

The legislative workload of the Department in 2003–04 was considerable. It included the development of Bills and subordinate instruments relating to improved telecommunications interception and national security arrangements, the regulation of premium telecommunications services, the regulation of Australia Post, enhanced functions for the Australian Sports Drug Agency and amendments to the broadcasting anti-siphoning scheme. Bills for the full private ownership of Telstra and the reform of media ownership rules were re-introduced in Parliament.

The Legal Group also played a key role in assisting the Department in managing risk and in meeting its accountability obligations, including conducting a major review of the Chief Executive Instructions, which is close to completion.

## The year ahead

The Department faces a challenging but interesting year in 2004–05.

On 1 July 2004, the Indigenous arts, cultural, sports and broadcasting programs of the Aboriginal and Torres Strait Islander Services agency were transferred to the

Department. The establishment of a regional service delivery network will be a significant challenge for a department that has hitherto been Canberra-based. The potential for improved delivery of Indigenous programs across the Department, however, is considerable.

A number of important reviews that are currently underway or recently finalised will also be a priority for 2004–05. The statutory reviews of the free-to-air digital television regime will be a particular focus. A departmental review of audiovisual content delivered over new mobile services will be completed and advice will be provided on options for digital radio following government consideration of the Digital Radio Study Group Report. Reviews of the symphony and pit orchestras and of elite music training through the Australian National Academy of Music and the Australian Youth Orchestra will also be important for the future of the cultural sector.

Together with the Attorney-General's Department, the Department will be working over the next year to ensure that Australia's copyright regime is aligned with the changing digital environment. The current review of the *Copyright Amendment (Digital Agenda) Act 2000* will provide an opportunity to ensure that the legislation continues to meet its objectives of promoting the production and use of digital content and provides an effective copyright regime for copyright creators, investors, users and distributors, including Internet service providers. The role of Indigenous artists and communities in relation to copyright policy and practice will continue as a priority, as will the management of the Government's own intellectual property.

Maintaining and improving the effectiveness of national and international electronic commerce systems will continue as a major activity. The emphasis will be on trust, security, interoperability and authentication, particularly through work aimed at achieving effective multilateral collaboration to combat spam and developing effective mechanisms to address emerging e-security threats.

Finally, the Department will continue to give priority to further upgrading its program management skills. A particular emphasis will be placed on completing the Television and Commercial Radio Black Spots programs, both of which cease in 2004–05, and on implementing solutions under the Television Black Spots – Alternative Technical Solutions program.

The achievements over the last year would not have been possible without the hard work and dedication of the Department's people. I would like to take this opportunity to thank them, most sincerely, for their commitment and professionalism.



Helen Williams

# DEPARTMENTAL OVERVIEW

The vision of the Department of Communications, Information Technology and the Arts is a better future for all Australians by the continued development of world-class Australian communications, information technology, cultural, sport and information economy sectors. The Department's goal is to contribute to the development of these sectors so that they are:

- vigorous and sustainable in a global environment;
- innovative, creative and support excellence; and
- increasingly accessible to all Australians.

In working to achieve its vision and goal, the Department provides strategic advice

and professional support to Ministers of the Australian Government. This includes policy development in broadcasting and online regulation, information and communications technology (ICT), intellectual property, the information economy, cultural development, sport, telecommunications and the arts.

The Department also administers legislation, regulations, and Commonwealth copyright, and delivers a wide range of programs and services.

## Corporate priorities

The Department's Corporate Plan 2003–06 (available at [www.dcita.gov.au](http://www.dcita.gov.au)) provides an overview of the strategic environment and the key business priorities. The key sectoral business priorities for 2003–04 are listed in table 1.1.

Table 1.1 Priorities for 2003–04

Arts	Sport	Communications
Advise on and implement the Government's response to the <i>Contemporary Visual Arts and Craft Inquiry</i> report (Myer Report)	Review the Tough on Drugs in Sport strategy	Assist the Government to develop its response to the Australian Competition and Consumer Commission report on emerging market structures in the pay television sector
Refine assistance to cultural organisations	Undertake preliminary planning with agencies on Australian Government strategies in relation to the Melbourne Commonwealth Games in 2006	Provide strategic advice on broadcasting regulatory arrangements in light of market and technological changes, including digital television, digital radio and ownership controls
Develop a whole-of-government strategy for Indigenous arts and crafts centres		Progress the further development of Australia's ICT industry, particularly by taking forward the recommendations of the ICT Framework for the Future
Implement the recommendations of the Review of Cultural Agencies		Implement the Government's response to the <i>Regional Telecommunications Inquiry</i> report
		Advise on and implement postal reforms. Progress the Telecommunications Action Plan for Remote Indigenous Communities. Advise on and implement telecommunication competition and consumer reforms

The Department's achievement of these priorities is discussed in sections 2 and 3 of the report.

## Ministerial arrangements

The Hon Daryl Williams AM, QC, MP succeeded Senator the Hon Richard Alston as Minister for Communications, Information Technology and the Arts on 7 October 2003.

Senator the Hon Rod Kemp served as Minister for the Arts and Sport throughout 2003–04.

## Department contact details

The Communications, Information Technology and the Arts Portfolio consists of the Department, including Artbank, Old Parliament House and the National Portrait Gallery, and 23 other agencies.

Contact details for the Department are:

### Department of Communications, Information Technology and the Arts

38 Sydney Avenue  
Forrest ACT 2603

GPO Box 2154  
Canberra ACT 2601

Tel: 02 6271 1000  
Fax: 02 6271 1800

[dcita.mail@dcita.gov.au](mailto:dcita.mail@dcita.gov.au)  
[www.dcita.gov.au](http://www.dcita.gov.au)

### Artbank

50C Rosebery Avenue  
Rosebery NSW 2018

Tel: 02 9662 8011  
Fax: 02 9662 2563

[enquiries@artbank.gov.au](mailto:enquiries@artbank.gov.au)  
[www.artbank.gov.au](http://www.artbank.gov.au)

### Old Parliament House

King George Terrace  
Parkes ACT 2600

GPO Box 2154  
Canberra ACT 2601

Tel: 02 6270 8222  
Fax: 02 6270 8111

[info.oph@dcita.gov.au](mailto:info.oph@dcita.gov.au)  
[www.oph.gov.au](http://www.oph.gov.au)

### National Portrait Gallery

Old Parliament House  
King George Terrace  
Parkes ACT 2600

GPO Box 2154  
Canberra ACT 2601

Tel: 02 6270 8236  
Fax: 02 6270 8181

[npg@dcita.gov.au](mailto:npg@dcita.gov.au)  
[www.portrait.gov.au](http://www.portrait.gov.au)



## Portfolio structure

Portfolio agencies are listed below.

Contact details are at Appendix 1.

- Australia Business Arts Foundation Limited
- Australia Council for the Arts
- Australian Broadcasting Authority
- Australian Broadcasting Corporation
- Australian Communications Authority
- Australian Film Commission
- Australian Film, Television and Radio School
- Australian Government Information Management Office
- Australian National Maritime Museum
- Australian Postal Corporation (Australia Post)
- Australian Sports Commission
- Australian Sports Drug Agency
- Australian Sports Foundation Limited
- Bundanon Trust
- Film Australia Limited
- Film Finance Corporation Australia Limited
- National Archives of Australia
- National Gallery of Australia
- National Library of Australia
- National Museum of Australia
- NetAlert Limited
- Special Broadcasting Service Corporation
- Telstra Corporation Limited (Telstra)

## Department structure

Helen Williams AO, Secretary of the Department, together with Alan Stretton, Deputy Secretary for Arts and Sport, Fay Holthuyzen, Deputy Secretary for Communications, and Rod Badger, Deputy Secretary for the Information Economy comprise the Department's Executive. The role of the Executive is discussed in more detail in section 3 of this report.

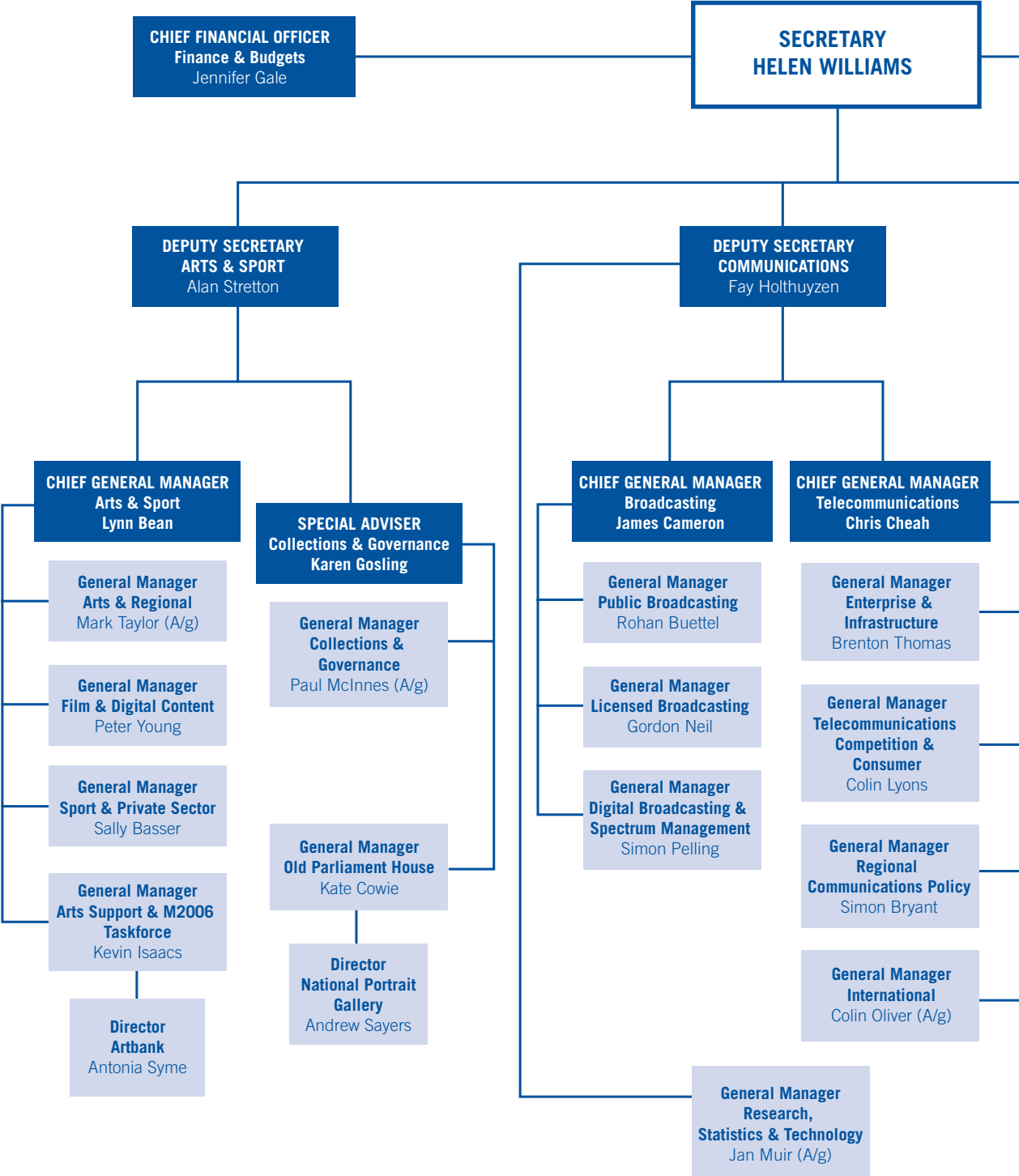


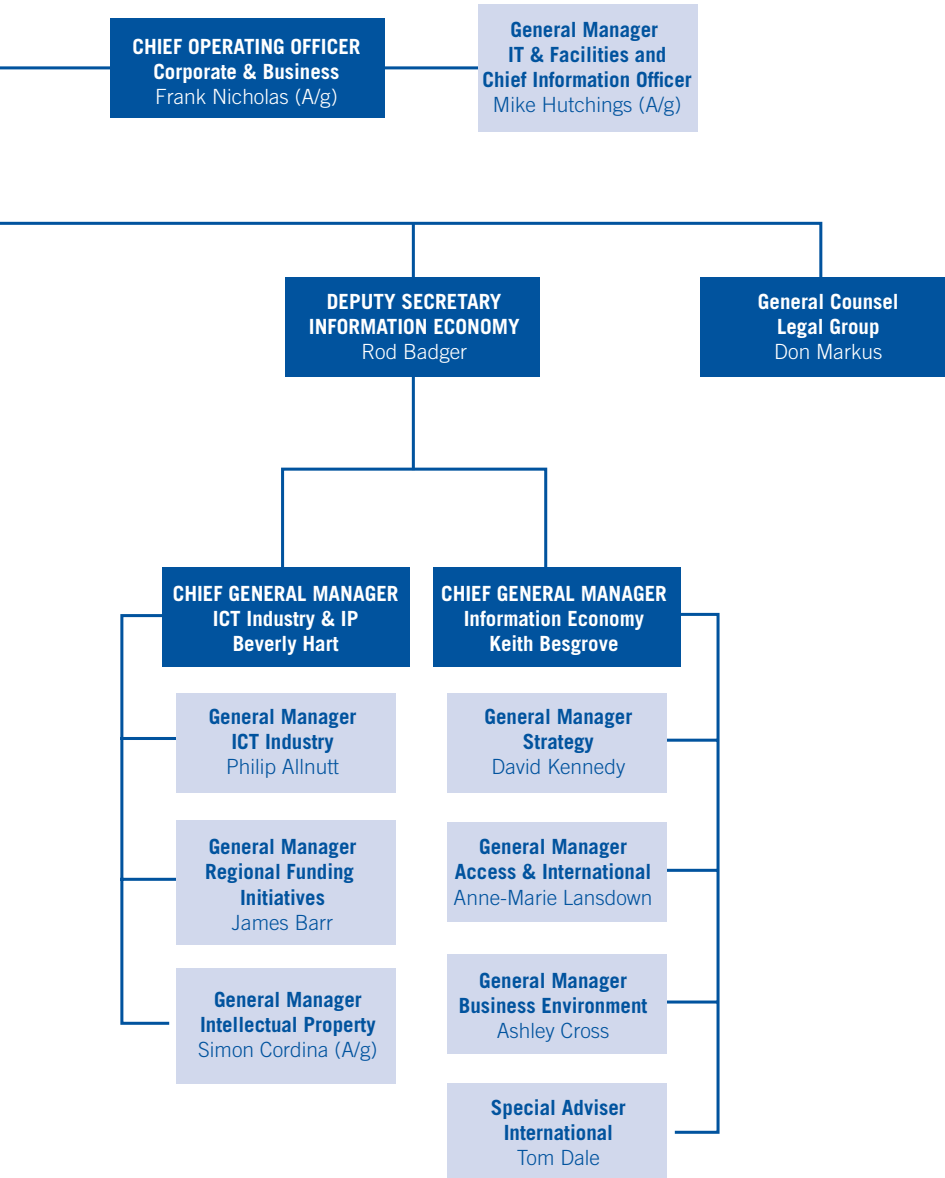
*The Department's Executive, clockwise from top left: Fay Holthuyzen, Deputy Secretary for Communications; Rod Badger, Deputy Secretary, Information Economy; Helen Williams, Secretary; Alan Stretton, Deputy Secretary for Arts and Sport.*

## Organisational chart

As illustrated in the organisational chart on pages 12 and 13, the Department is organised into divisions which broadly support the outcome and output structure.

# Organisational chart





This chart, current at 30 June 2004, reflects the integration of the former National Office for the Information Economy (NOIE).

## Outcome and output structure

The Department's outcome and output structure on which performance reporting is based for 2003–04 reflects the diverse

nature of the Department as well as the changes resulting from the integration into the Department of functions of the former National Office for the Information Economy (NOIE) on 8 April 2004. The reporting structure is set out in the following table.

Table 1.2 Outcome and output structure

<b>Outcome 1</b>	<b>Development of a rich and stimulating cultural sector for all Australians</b>
Output 1.1	Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections
Output 1.2	Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections
<b>Outcome 2</b>	<b>Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians</b>
Output 2.1	Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector
<b>Outcome 3</b>	<b>Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians</b>
Output 3.1	Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services
Output 3.2	Policy advice and program management which promote accessible high quality broadcasting services
Output 3.3	Policy advice and program management that assist the development of the Information and Communications Technology industry
Output 3.4	Policy and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials

### Information Economy

<b>Outcome 1</b>	<b>A sustainable effective and internationally competitive information economy</b>
Output 1.1	Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

Outcome 1 and Output 1.1, which relate to the information economy, were transferred from the former NOIE.

## Changes to the outcome and output structure

On 1 July 2003, Questacon – the National Science and Technology Centre (Questacon), transferred to the Education, Science and Training Portfolio and ScreenSound Australia – the National Screen and Sound Archive (SSA) was integrated with the Australian Film Commission. These two bodies were formerly part of the Department.

On 8 April 2004, the programs, policy and research functions relating to the Information Economy were transferred to the Department from the former NOIE. A separate Australian Government Information Management Office (AGIMO) was also established to focus on promoting and coordinating the use of new information and communications technology to the delivery of Government programs and services.

In the 2004–05 Budget, the Department revised Outcome 3 and added a new output (Output 3.5) to reflect this change.

Table 1.3 on page 16 summarises the changes to the Department's outcome and output structure since the 2003–04 Portfolio Budget Statements.

The significant structural changes experienced by the Department in the last two years will continue into 2004–05. As part of the new service delivery arrangements for Indigenous affairs, which take effect from 1 July 2004, the Department received a range of programs in broadcasting, sport, recreation and culture. The Department will again review both its outcome and output structure and its organisational structure to reflect the new responsibilities in relation to the information economy and in delivering Indigenous programs.

Table 1.3 Changes in outcome and output structure

2003–04 Portfolio Budget Statements		2003–04 Portfolio Additional Estimates		2004–05 Portfolio Budget Statements	
<b>Outcome 1</b>	<b>Development of a rich and stimulating cultural sector for all Australians</b>	<b>Outcome 1</b>	No change	<b>Outcome 1</b>	No change
Output 1.1	Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections	Output 1.1	No change	Output 1.1	No change
Output 1.2	Preservation of and access to Old Parliament House and the National Portrait Gallery, ScreenSound Australia and their respective collections	Output 1.2	Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections – <i>ScreenSound integrated with the Australian Film Commission as of 1 July 2003</i>	Output 1.2	No change
Output 1.3	National leadership in engaging people in science and technology through development of programs and exhibitions, support for science learning in schools and interaction with industry partners		<i>Output 1.3 was removed because Questacon was transferred to the Education, Science and Training Portfolio as of 1 July 2003</i>		
<b>Outcome 2</b>	<b>Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians</b>	<b>Outcome 2</b>	No change	<b>Outcome 2</b>	No change
Output 2.1	Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	Output 2.1	No change	Output 2.1	No change

2003–04 Portfolio Budget Statements	2003–04 Portfolio Additional Estimates	2004–05 Portfolio Budget Statements
<b>Outcome 3</b> Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians	<b>Outcome 3</b> No change	<b>Outcome 3</b> Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and Information and Communications Technology industry. <i>Expanded to include the information economy functions transferred from the former NOIE on 8 April 2004</i>
Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services	Output 3.1 No change	Output 3.1 No change
Output 3.2 Policy advice and program management which promote accessible high quality broadcasting services	Output 3.2 No change	Output 3.2 No change
Output 3.3 Policy advice and program management that assist the development of the Information and Communications Technology industry	Output 3.3 No change	Output 3.3 No change
Output 3.4 Policy and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	Output 3.4 No change	Output 3.4 No change
		Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally. <i>New output – transfer of functions from the former NOIE</i>





## SECTION 2

### Performance review



Outcome 1

Outcome 2

Outcome 3

Information economy



Outcome 1

Development of a rich and stimulating  
cultural sector for all Australians

Resources for outcome

Performance information index

Achievement of outcome

Administered items

Output 1.1

Output 1.2

## RESOURCES FOR OUTCOME

### Outcome 1

Development of a rich and stimulating cultural sector for all Australians

	(1) Budget 2003–04 \$'000	(2) Actual 2003–04 \$'000	Variation (column 2 minus column 1) \$'000	Budget <sup>2</sup> 2004–05 \$'000
<b>Administered expenses</b> (including third party outputs)	147 504	138 854	(8 650)	137 213
<b>Total administered expenses</b>	147 504	138 854	(8 650)	137 213
<b>Price of departmental outputs<sup>3</sup></b>				
Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections	26 328	26 323	(5)	22 121
Output 1.2 Preservation of and access to Old Parliament House, the National Portrait Gallery, ScreenSound Australia and their respective collections	38 565	38 846	281	15 813
<b>Revenue from Government (Appropriation) for departmental outputs</b>	58 461	58 682	221	32 450
<b>Revenue from other sources</b>	6 432	6 487	55	5 484
<b>Total price of outputs</b>	64 893	65 169	276	37 934
<b>TOTAL FOR OUTCOME 1</b> (Total price of outputs and administered expenses)	<b>212 397</b>	<b>204 023</b>	<b>(8 374)</b>	<b>175 147</b>
			<b>2003–04</b>	<b>2004–05</b>
<b>Average staffing level</b>			228	226

<sup>1</sup> Budget estimates as at 2003–04 Portfolio Supplementary Additional Estimates Statements (PSAES).

<sup>2</sup> Budget estimates as at 2004–05 Portfolio Budget Statements (PBS).

<sup>3</sup> Questacon transferred from the Department to the Education, Science and Training Portfolio from 1 July 2003. Output 1.3 (as reported in the 2003–04 PBS) is therefore no longer the Department's output.

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## ACHIEVEMENT OF OUTCOME

### Development of a rich and stimulating cultural sector for all Australians

The Australian Government provides about one-third of total government financial support for the cultural sector. Of the Australian Government funding provided through the arts portfolio, approximately 90 per cent is provided directly, or through the Department to various statutory authorities and companies which form part of the Portfolio<sup>4</sup>.

The Department's contribution to Outcome 1 is primarily through three activities. These are the provision of strategic advice to the Government on policy issues across the cultural sector, support for the national cultural institutions in the achievement of the Government's cultural objectives, and administration of a range of programs aimed at enhancing community access to quality cultural experiences.

In 2003–04, the Department placed an increased emphasis on working more closely with other departments to ensure that the Government's cultural objectives were also achieved through the development of broader initiatives, such as the *Indigenous Arts Centres Strategy and Action Plan*. A number of new initiatives during the year involved joint responses with state and territory governments working through the Cultural Ministers Council (CMC). Examples include the

response to the report of the *Contemporary Visual Arts and Craft Inquiry* (the Myer Report) and the establishment of the Collections Council of Australia. While such initiatives require more time and resources to negotiate, they offer more effective and integrated support to the cultural sector.

The Department operates in a strategic cultural environment characterised by a number of imperatives. The major issues to be addressed arise from the continuing need to provide access to the arts for a broad range of Australians, increasing competition for private sector support, and a continuing emphasis on the sustainability of key cultural sectors in a high-risk environment.

#### Access and excellence in Australia's cultural activities and preservation and development of our collections

Enhancing the sustainability of key cultural industry sectors has been a challenge for the Department throughout 2003–04, and will continue to be a significant issue in the coming year, with the outcomes of the Review of Pit and Symphony Orchestras expected in early 2005.

<sup>4</sup> This estimate does not include funding for broadcasting through the portfolio.

The sustainability of Australia's Visual Arts and Crafts sector was strengthened as a result of two initiatives.

Funding of \$39 million over four years was provided to the sector as part of a joint Australian, state and territory government response to the Myer Report. The negotiation of the *Visual Arts and Craft Strategy* has seen the development of joint funding packages in each state and territory. Work on the implementation of the non-funding recommendations, including an analysis of the issues surrounding the possible introduction of a Resale Royalty Scheme for artists, will be among the priorities and challenges for 2004–05, as will the establishment of a Melbourne office for Artbank.

The Department played a lead role in negotiations to support the visual arts and crafts, working both within the Australian Government and with state and territory governments to deliver collaborative whole-of-government strategies focused on improved outcomes.

A major Government strategy to support the Indigenous arts sector was announced in September 2003. The *Indigenous Arts Centres Strategy and Action Plan* is a coordinated government approach consisting of targeted interventions delivered through a range of Government agencies, including the Departments of Employment and Workplace Relations (DEWR) and Transport and Regional Services (DOTARS), and the Australian Competition and Consumer Commission (ACCC) and the Australia Council for the Arts (Australia Council). The objective of the Strategy and Action Plan is to build a strong and sustainable Indigenous visual arts sector, characterised by a stable and

profitable base of Indigenous art centres producing and distributing works of artistic excellence.

The transfer of Indigenous arts programs from the Aboriginal and Torres Strait Islander Services (ATSIS) to this portfolio on 1 July 2004 will increase the scope for working across government to deliver results against the Strategy and Action Plan.

The establishment of the Collections Council of Australia is a key outcome of an industry reform process undertaken in 2003–04. The Collections Council will provide strategic leadership for the sector, focusing in particular on the needs of regional collections. The Department played an important leadership role in this initiative, including through its participation in the Standing Committee of the CMC, and in progressing joint industry development initiatives.

The Department has continued to support portfolio agencies in the implementation of the outcomes of the Review of Cultural Agencies. This collaborative work resulted in Budget funding of \$9.9 million for the development of a new storage facility for the National Library of Australia. Ensuring a consistent approach to collection depreciation across the national collecting institutions will be a significant challenge in 2004–05.

In negotiations undertaken as part of the development of an Australia–United States Free Trade Agreement (AUSFTA), Australia has retained capacity to support the cultural sector and to regulate audiovisual media to meet Australia's cultural policy objectives, now and into the future. The Department worked closely with the Department of Foreign Affairs and Trade



(DFAT) and relevant portfolio cultural agencies, including the Australia Council and the Australian Film Commission (AFC), on strategic issues associated with the agreement, and played an active role in negotiations.

The Department has continued to support the sustainability of Australia's elite arts training organisations through the establishment of the Australian Roundtable for Arts Training Excellence and effective administration of grants to these organisations. Triennial funding for the National Institute of Dramatic Art (NIDA) has resulted in greater certainty for NIDA in its financial and business planning. An external review has resulted in improved management arrangements and training outcomes for the National Aboriginal and Islander Skills Development Association (NAISDA).

The Department's cultural touring programs continued to support access to quality cultural experiences, particularly in regional and remote areas. A departmental review of the Regional Arts Fund (RAF) in the 2004–05 Budget context highlighted the community benefits delivered by the program. In the 2004–05 Budget, the Government extended the RAF and provided additional funding for Playing Australia for four years.

Access to Australian arts and culture was also provided through enhancements to the Department's Culture and Recreation Portal, the redevelopment of Australian Museums and Galleries Online (AMOL), and an online gallery to celebrate the 25th anniversary of the Cultural Gifts Program.

## Preservation of and access to Old Parliament House, the National Portrait Gallery and their respective collections

Opportunities for visitors to access Old Parliament House (OPH) continued to expand during the year with the restoration and opening of rooms representing the major political parties, and the restoration of the former Private Members' Dining Rooms, which have been opened as a quality restaurant and conference centre.

OPH and the National Portrait Gallery (NPG) sought to extend their audience reach during the year, through new exhibitions and programs, website access and the NPG's travelling exhibitions.

Both the NPG and OPH collections continued to grow as a result of commissions, purchases and donations.

For the second successive year, OPH and the NPG won the National Tourism Award category of 'Heritage and Cultural Tourism'.

Maintaining the visitor base for OPH will be a key challenge in 2004–05 with the continuation of a five-year program of capital works for the conservation and restoration of the building. In the longer term, the works to the building are expected to improve access and enhance the visitor experience.

## Administered items

### Touring programs

#### Impact of funding

National touring programs improve access to cultural activities, particularly in regional and remote areas.

During 2003–04, funding of more than \$6.750 million was approved by the Minister for the Arts and Sport for 167 cultural projects supported through the Playing Australia, Visions of Australia, Festivals Australia, Contemporary Music Touring, and Big Screen programs.

Examples of funded projects included:

- Circus Australia, which received \$207 053 to tour *Circus Oz* to six regional towns in South Australia, as well as Darwin and Alice Springs;
- the Broome Arts and Music Festival which received \$15 000 for a multimedia production based on the history of Broome;
- the Western Australian band, *Little Birdy*, which received \$10 000 to

tour to New South Wales, Victoria, Queensland, South Australia and Tasmania; and

- the Pitjantjatjara Council in South Australia, which received \$86 568 to tour an exhibition of digital archival material, *Ara Irititja*, to regional and remote venues, including Alice Springs Public Library, Roxby Downs Regional Gallery and Camp Coorong Recreation Centre in South Australia.

More than 90 per cent of performing arts, festivals and contemporary music grant recipients surveyed during 2003–04 considered the programs were critical for building organisational capability, assisting skills transfer, developing artistic careers and contributing to future sustainability. The 2003–04 acquittals ranked Visions of Australia's role in building organisational capability as 'good' (64 per cent) or 'outstanding' (36 per cent).

The number of locations and types of tours funded across regions in 2003–04 demonstrates the national funding impact of the major touring programs.

Table 2.1 Number of metropolitan (M) and regional (R) locations visited by touring exhibitions and productions, 2003–04

Program	ACT		NSW		VIC		SA		QLD		NT		WA		TAS	
	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R
Playing Australia	16	0	29	129	30	109	13	41	10	139	19	25	17	62	9	43
Visions of Australia	5	0	19	57	18	30	12	12	6	25	5	8	7	10	7	0
Contemporary Music	18	0	57	199	44	51	30	11	26	45	3	11	11	62	2	2

The Government provided an additional \$2 million per year over four years to Playing Australia in the 2004–05 Budget, increasing the funds that will be available in 2004–05 to around \$5.8 million.

Since 2001, more than 70 000 people have attended 54 Big Screen film festival events across regional Australia. Average attendance per event increased from 1209 in 2002 to 1465 in 2003.

## Arts training organisations

### Efficient and timely administration of funding agreement

Seven national performing arts training organisations received funding totalling \$18.4 million in 2003–04, a significant increase on funding of \$11.9 million provided in 2002–03. Organisations funded in 2003–04 were:

- the Australian Ballet School (ABS);
- Australian National Academy of Music (ANAM);
- Australian Youth Orchestra (AYO);
- Flying Fruit Fly Circus (FFFC);
- National Aboriginal and Islander Skills Development Association (NAISDA);
- National Institute of Circus Arts (NICA); and
- National Institute of Dramatic Art (NIDA).

The training organisations achieved results consistent with the terms of their funding agreements:

- 1026 students were enrolled in the training organisations during 2003, a four per cent increase over the previous year;
- there were 121 graduates of the training organisations in 2003 compared with 95 in 2002. NICA had graduates for the first time in 2003<sup>5</sup>; and
- the training organisations received 3591 applications for placement, compared with 4007 in 2002. In 2002 there was a large one-off increase in the applications to NIDA's acting course following the national screening of the documentary series, *Drama School*. However, there were 741 successful applicants overall, representing an increase of 18 per cent over the previous year.

In 2003–04 all institutions met funding agreement performance indicators and payments were acquitted within specified timeframes. All institutions expressed satisfaction with the assistance provided by the Department as recorded in the Department's client survey.

An independent review of Indigenous dance training was completed by the Department in March 2004. The report's recommendations will inform the 2004–05 funding agreement with NAISDA.

In 2003–04, \$6 million was provided to NICA for the construction of a new training and performance venue. The venue will improve performance and training opportunities for NICA's students, commensurate with the organisation's growing international reputation.

<sup>5</sup> These figures exclude the AYO and the ANAM as they are program-based organisations.

Commonwealth and public companies: Film Australia Limited, Film Finance Corporation Australia, Australian Children's Television Foundation, Australia Business Arts Foundation

### Efficient and timely administration of funding agreements

The Department administers grants to a small number of companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out below.



*Minister for the Arts and Sport, Senator Rod Kemp at the launch of the new AbaF initiative, adviceBank – a free advisory service for arts organisations.*

*Photograph: Courtesy of Australia Business Arts Foundation.*

Table 2.2 Funding allocated to Commonwealth and public companies

Institution	2001–02 \$m	2002–03 \$m	2003–04 \$m
Film Finance Corporation	50.000	57.500	60.500
Film Australia Limited	4.910	9.809	9.993
Australian Children's Television Foundation	2.396	2.434	2.472
AusFILM	-	1.000	1.023
Bundanon Trust*	-	-	0.150
Australia Business Arts Foundation	1.600	1.600	1.665

\* The 2003–04 Budget provided funding for Bundanon of \$2.3 million over four years from 2003–04.

In 2003–04, all institutions met required performance indicators and payments were acquitted within specified timeframes.

Results consistent with the companies' funding agreements included:

- Film Australia (FAL) delivered 19 National Interest Program titles in

2003–04, consistent with its obligation to produce 100 programs under the five-year contract with the Department;

- production funding was approved by the Australian Children's Television Foundation for the production of *Hating Alison Ashley*;

- participation in Bundanon Trust's access and education programs increased by 28 per cent compared with 2002–03; and
- Australia Business Arts Foundation (AbaF) recorded increased levels of participation in many of its programs including increased partnerships between business and the arts, skills development and business skills volunteering programs.

During the year, the Department worked with the companies on the development of their respective 2003–04 corporate plans for the Minister's approval. The Department also assisted with Board appointments and in reviewing the companies' annual reports.

The Department provided advice to the smaller companies, FAL, Bundanon Trust and AbaF, on their applications for funding to assist with the implementation of the recommendations from the Budget Estimates and Framework Review (BEFR). These companies received supplementation in the 2003–04 Additional Estimates process for this purpose.

Following the 2003–04 Budget decision to provide \$2.3 million over four years to the Bundanon Trust, a funding agreement between the Department on behalf of the Government and the Trust was finalised during the year. In administering the agreement, the Department provided advice on key governance requirements, including preparation of a corporate plan, financial reports, and conservation and marketing plans.

## Cultural Ministers Council (CMC) and related initiatives: Cultural Ministers Council, Australian Museums and Galleries Online (AMOL) website, and National Collections Advisory Forum

### Key initiatives undertaken

The 17th meeting of the CMC was held in Perth on 19 February 2004. The Department provided the Secretariat to CMC.

Cultural Ministers endorsed the work of the National Collections Advisory Forum and agreed to establish a national industry body, the Collections Council of Australia. The Forum's achievements included the *National Collections Strategy*, production of training materials and the Regional Hubs research project to strengthen regional outreach. The Department provided secretariat support to the Forum.

The Department's secretariat support and financial contribution to the Statistics Working Group (SWG) assisted in the ongoing production of core cultural statistics required for monitoring developments in the cultural sector. In 2003–04 SWG released the reports *Cultural Funding in Australia – Three Tiers of Government, 2001–02* and *Economic Impact of Cultural Tourists in Australia*.

The Department continued to administer the contract for delivery of the AMOL website in 2003–04, as a resource for the museums and galleries sector. Use of AMOL as an online resource achieved record levels, averaging 2894 daily user sessions in June 2004, a 12 per cent increase on June 2003.

## Return of Indigenous cultural property

### Return of Indigenous remains and objects

The Department manages the Return of Indigenous Cultural Property program for the Cultural Ministers Council. The program was established to operate over five years ending in 2005–06.

Participating museums have advised that all relevant communities have been informed of their holdings. Since the program commenced in 2000, approximately 900 remains and objects have been returned to Indigenous communities. A further 800 remains and objects have been retained at the request of Indigenous owners, as they may not have appropriate storage facilities.

## Books Alive – Book Industry Assistance Plan

### Key initiatives undertaken

Books Alive is a component of the four-year Book Industry Assistance Plan (BIAP) funded by the Government from 2000–01 to 2003–04. The Department has a Memorandum of Understanding (MOU) with the Australia Council, which administers Books Alive.

The effectiveness of the 2003 campaign was recognised by the Australasian Promotion Marketing Association (APMA) gold award. An ACNielsen evaluation found that the main message had been understood by a significant proportion of people who were aware of the campaign, and that there was an increased likelihood that they would buy a book or visit a bookshop. The national tours of authors, who appeared at libraries, bookshops and shopping centres in all states and territories, were well received as part of the 2003 campaign. The 2004 campaign, launched in February 2004, had an increased focus on both the enjoyment of reading and on literacy.

The Books Alive program and 2003 campaign were reviewed in October 2003 and found to be effective in meeting the Government's objectives.

## Educational Lending Right and Public Lending Right Scheme – Book Industry Assistance Plan

### Increased number of books in public and educational libraries

The Educational Lending Right (ELR) and Public Lending Right (PLR) programs provide payments to eligible Australian creators (authors, editors, illustrators, translators and compilers) and publishers whose books are held in educational and public lending libraries. ELR is a component of BIAP.

Both ELR and PLR support the enrichment of Australian culture by encouraging the growth and development of Australian writing and publishing.

The number of titles registered with PLR that received a payment in 2003–04 was 22 139, while 30 397 titles were registered with ELR. Payments were calculated from the results of the annual sample surveys of books held in public lending libraries and educational lending libraries. The total number of PLR payments to creators and publishers has increased steadily. The volatility of the figures for new creators may reflect a changing trend in the use of royalty payments by publishers, as well as annual variations in the numbers of books published.

The number of new creators continued to grow in the early years of the ELR program, but decreased in 2003–04, as most of those eligible had already registered with the scheme.

An internal review of ELR in 2003–04 confirmed the program's effectiveness and efficiency. In the 2004–05 Budget the Government announced funding of \$44 million over four years to continue ELR.

Table 2.3 Public Lending Right payments

	Number of payments made			Total payments \$m
	New creators	Creators	Publishers	
2001–02	346	8193	308	5.940
2002–03	429	8384	319	6.259
2003–04	403	8409	328	6.501

Table 2.4 Educational Lending Right payments

	Number of payments made			Total payments \$m
	New creators	Creators	Publishers	
2001–02	358	6642	249	8.370
2002–03	494	7311	283	9.300
2003–04	411	7981	304	10.230

# OUTPUTS

Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections

## High quality program funding and grant administration

### Touring programs

Between 1994–95 and 2003–04, the national touring programs, Playing Australia, Visions of Australia, Festivals Australia and Contemporary Music Touring processed over 4100 funding applications.

The number of applications processed increased in the past three years with the commencement of the Contemporary Music Touring program and, in 2003–04, an additional assessment round for the Visions of Australia exhibition touring program. Applications to Playing Australia and Festivals Australia remained stable.



*Members of the National Programs Section, Collections and Governance Branch. Left to right: Heather Chandler, Maria Gravias and Tristan Ricketson*

Graph 2.1 National touring programs – applications processed

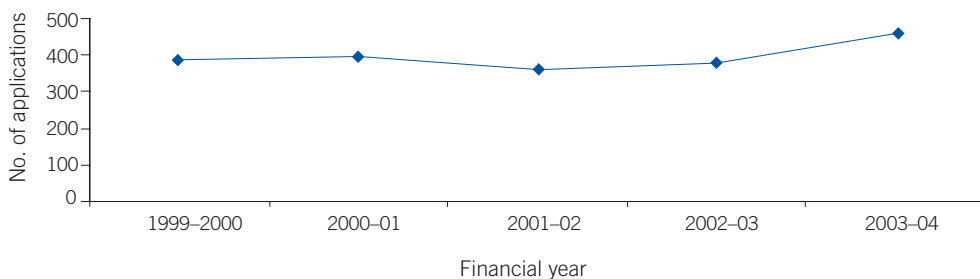




Table 2.5 Grants acquitted

Program	Total number due	2002-03		Total number due	2003-04	
		Percentage of grants acquitted within:			Percentage of grants acquitted within:	
		3mths	6mths		3mths	6mths*
Playing Australia	29	41	93	51	41	
Visions of Australia	28	53	89	29	45	
Festivals Australia	55	65	90	54	55	
Contemporary Music	-	-	-	28	50	

\*Final 2003–04 figures on acquittals within six months will not be available until early 2005.

The majority of grants were fully acquitted within six months of completion and compliance with the provisions of the grant deeds was consistently high.

### Film programs

The Government provides indirect support to filmmakers through a number of tax incentives programs administered by the Department.

Table 2.6 Divisions 10B and 10BA tax concessions and Refundable Film Tax Offset applications processed\*

	1999–2000	2000–01	2001–02	2002–03	2003–04
10BA provisional applications	254	284	254	204	214
10BA final applications	71	74	87	107	95
10B applications	54	49	46	60	63
Offset provisional applications	n/a	n/a	0	1	2
Offset final applications	n/a	n/a	0	1	5

\* An application is defined as applications received, processed and certified/rejected, withdrawn and lapsed.

In 2003–04, the Department received 214 provisional applications under Division 10BA of the *Income Tax Assessment Act 1936*. Ninety per cent of applications were processed within three weeks of receipt. The Department also received 63 applications under Division 10B of the Act. Of those applications, 98.4 per cent had been processed by 30 June 2004.

There were fewer applications for the Refundable Film Tax Offset to the end of 2003–04 than anticipated when the scheme was introduced (six final applications compared with an estimate of ten). The variation in actual final applications was primarily a factor of timing. Before production companies can apply for certificates of eligibility for the offset, films must be ready for public exhibition. Consequently, applications relating to a number of large budget productions filmed in 2002–03 were not submitted until 2003–04. Similarly, the Department anticipates that applications relating to several films shot in 2003–04 will be submitted in 2004–05. The delay in submitting applications has proved difficult to estimate.

The guidelines for the offset state that applications will be processed within ten weeks of receipt. While the total number of applications processed increased from two to seven between 2002–03 and 2003–04, all applications were processed within the agreed timeframe.

In the 2004–05 Budget, the Government announced that the offset would be extended to television series.

### Regional Arts Fund (RAF)

The objectives of the RAF are to support sustainable cultural development in regional, remote and very remote communities across Australia, to develop partnerships and cultural networks, and to increase access to skills development and employment opportunities for regional artists.

Regional Arts Organisations (RAOs) in each state, and arts ministries in the Northern Territory and the Australian Capital Territory, manage the RAF on behalf of the Department and make decisions about specific funding. RAOs and arts ministries are required to provide regular acquittal reports to the Department.

Table 2.7 2003–04 Regional Arts Fund allocations

State/territory	Amount \$
Regional Arts New South Wales	408 600
Regional Arts Victoria	408 600
Country Arts Western Australia	408 600
Queensland Arts Council	408 600
Country Arts South Australia	340 500
Tasmanian Regional Arts	182 500
Arts NT	226 100
Arts ACT	46 500
Regional Arts Australia	70 000
Australia Council	100 000
<b>Total</b>	<b>2 600 000</b>

Most of the RAF allocation to RAOs and arts ministries was expended on grants for arts projects in regional and remote communities. The remaining RAF allocation was divided between strategic projects which apply to a region, small grants (for example, for an individual's travel costs to attend a conference), and program administration.

Examples of projects funded through the RAF in 2003–04 are listed below.

- Pilyarra Pilbara Arts Centre Coordinator, based in the Courthouse Arts Centre and Gallery in Port Hedland. The centre provides a resource base to coordinate artists' studios, an exhibition program and arts development opportunities for Indigenous and non-Indigenous artists in the remote Pilbara region.
- A Good Night Out facilitator to match Queensland regional communities' desire for 'a good night out' with stimulating and relevant arts product. The actual 'good night out' is determined by community preferences, but could include a dinner or concert, locally produced theatre productions, master classes and specific entertainment events.
- The Heart Rhythms project supports a series of workshops for women experiencing mental illness on Kangaroo Island, South Australia. The workshops in African drumming, a capella singing and drum and dance will encourage the development of skills and networking between participants.
- *Bute Utes: the Movie* developed 40 short films with creative input from 280 people in four regional communities in Victoria: Robinvale, Benalla, Warrnambool and Bairnsdale. People from a broad cross-section of cultural backgrounds and artforms were involved, including a high proportion of Indigenous youth. The project has led to further opportunities for participants to pursue filmmaking.
- The Every Wrinkle Tells a Story partnership between Kickstart Arts Inc, Strathcare Nursing Homes and the Migrant Resource Centre (Tasmania), will produce music, theatre and writing workshops with older people.

Following an evaluation, the Government renewed the program in the 2004–05 Budget, providing funding of \$10.7 million over four years.

## Case study

### The Biting Dog Theatre Festival – funding from the Regional Arts Fund

The Biting Dog Theatre Festival, held from 24 March to 2 April 2004, showcased the creativity of young people from country towns in the Albury/Wodonga region of New South Wales and Victoria, to a regional audience of more than 800 people.

This project is one example of the way the Regional Arts Fund (RAF) program is assisting regional communities to develop sustainable arts practices and activities. HotHouse Theatre received \$79 000 over the past three years from the RAF to stage the festival. The funding has also enabled HotHouse Theatre to leverage additional support from the Victorian Education Department, making a critical difference to the festival's sustainability.

The popular festival has been running since 1998, with each evening of the festival including three entirely different performances of the same script. All entrants are provided with a neutral script without names, plot or a style and performances are given oral feedback by an industry panel. In the week following the festival, the festival director provides comprehensive written feedback and awards are presented.

This unique format continues to delight audiences as they are able to compare performances. For the young people involved, it offers an opportunity to learn to operate lights and sound, stage management or showcase their creativity in a professional theatre environment with all the pressures and responsibility.

In 2004, the festival attracted 184 young performers, nine technical trainees who worked in the production department, and 35 young artists who entered the poster design

competition. In addition four work experience placements were completed, with a further five scheduled throughout the year.

'I've been infected by the stage management bug – the exhilaration, the adrenalin, the fact that for 20 minutes or so, the running of the show is your responsibility... when you get it right, the timing, the cue, it looks brilliant.'

*Katie Skillington, Biting Dog trainee.*

The experience gained during the festival has assisted previous participants to go on to positions such as professional performers and technical trainees.



*Students from Albury High School performing Stupid Cupid in the Biting Dog Festival 2004.*

*Photographer: Kylie Goldsmith, Border Mail.*

**Federation Fund**

To help celebrate the Centenary of Federation in 2001, and to contribute to the enhancement of Australia’s cultural heritage through a range of large and small infrastructure projects, the Government provided \$434 million under the Federation Fund.

Most Federation Fund projects have been completed, with the exception of those experiencing delays in completing the final requirements of their funding agreements or which have been granted extensions by the Minister for the Arts and Sport.

As at 30 June 2004:

- 82 per cent (14) of the 17 Major Federation Fund projects had been completed. Two projects were completed during the year with a further three still to be completed. Two of the outstanding projects have

multiple components which are due for completion in 2004–05. Options for the third project, the Holsworthy Rifle Range, are still being considered by the Government;

- 96 per cent (27) of the 28 Federation Cultural and Heritage Program projects have been completed. One project was completed during the year and the remaining project will be completed in 2004–05; and
- 99.5 per cent (998) of the 1003 Federation Community Projects have been completed with nine of these completed in 2003–04.

**Art Indemnity Australia (AIA)**

AIA is a program through which the Government indemnifies owners against loss of, or damage to, works loaned for exhibitions of significant cultural material. AIA supports affordable access to the world’s cultural treasures.

Table 2.8 Art Indemnity Australia – final applications processed

	2001–02	2002–03	2003–04
Number of final applications for indemnity received and processed	2	5	5
Percentage of successful final applications	100	100	100

In 2003–04, AIA indemnified the following exhibitions:

- *John Glover and the Colonial Picturesque*;
- *Pierre Bonnard: Observing Nature*;
- *French Paintings from the Musée Fabre, Montpellier*;
- *The Edwardians: Secrets and Desires*; and
- *The Impressionists: Masterpieces from the Musée d'Orsay*.

Over the past three financial years, there have been no indemnity claims under the AIA program.

There was an increase in venues in 2002–03 and 2003–04 as a result of the AIA program's support for the National Gallery of Australia's Out and About program, which took significant works of art from the Gallery's collection to state and regional galleries.

There was an increase in visitor numbers in 2003–04 due to a greater number of indemnified exhibitions when compared with 2002–03.

Table 2.9 Art Indemnity Australia – number of venues and geographic spread

	2001–02	2002–03	2003–04
ACT	2	1	3
NSW	1	3	2
VIC	2	3	2
TAS	0	2	1
SA	0	0	4
WA	1	1	2
NT	0	2	1
QLD	0	2	1
<b>Total number of venues</b>	<b>6</b>	<b>14</b>	<b>16</b>

Source: AIA managing organisations.

Table 2.10 Art Indemnity Australia – number of visitors to indemnified exhibitions

2001–02	2002–03	2003–04
600 000	591 000	647 000

Source: AIA managing organisations.

## Philanthropy programs

The Department administers several philanthropy programs which facilitate private sector support for the arts.

The Register of Cultural Organisations (ROCO) allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of cash. Table 2.11 shows the number and value of donations over five years. The Cultural Gifts Program encourages gifts of significant cultural

items to public art galleries, museums, libraries and archives, by offering donors a tax deduction for the market value of their gifts.

In July 2002, the Government introduced new provisions to encourage philanthropy. Capital gains tax exemption on the value of donations was introduced and donors were permitted to apportion the tax deduction for the value of donations over a period of up to five income years.

Table 2.11 Register of Cultural Organisations – number and value of donations

	1999–2000	2000–01	2001–02	2002–03*	2003–04*
Number of donors	152 303	91 256	57 777	53 151	57 955
Total donation value (\$m)	20.3	24.9	26.6	25.3	30.7
Average donation value (\$)	133	273	460	476	530

\* The value of donations processed for these financial years may increase as further statistical returns are received from ROCO organisations.

The number and total value of donations under the Cultural Gifts Program in 2003–04 was significantly lower than in the previous two years (table 2.12). As the program operates under the gift provisions

of the *Income Tax Assessment Act 1997* and as it is largely donor driven, it is difficult to identify clearly the factors which may have contributed to the decrease. The Department will closely monitor the trend over the next financial year.

Table 2.12 Cultural Gifts Program – number and value of donations processed

	1999–2000	2000–01	2001–02 (a)	2002–03	2003–04 (b)
Number of donations processed*	558	502	568	498	264
Total value (\$m)	17.5	18.2	34.5	44	24.8
Average donation value (\$)	31 362	36 255	60 739	88 353	93 939

\* Donations received and entered onto the Department's database

(a) An unusually high-value donation in 2001–02 inflated the total value for that year.

(b) The increase in average value of donations over the five-year period may indicate a flow-through effect of the new philanthropy provisions introduced in 2000–01.

## Case study

### Cultural Gifts Program – 25 years of giving in Australia

More than 380 collecting institutions are endorsed by the Australian Government to receive donations under the Cultural Gifts Program administered by the Department. Many organisations with limited acquisition budgets rely on the gifts of benefactors to build their collections.

The program was established in 1978 to encourage philanthropy by offering tax incentives for donations of significant cultural material to Australia's public museums, libraries and galleries. In the past 25 years, gifts of more than \$290 million have been donated under the program.

In August 2003 the Minister for the Arts and Sport launched an online gallery to celebrate 25 years of the Cultural Gifts Program.

The 25th Anniversary Online Gallery features a dazzling array of gifts including works from leading Australian artists like Fred Williams and Albert Tucker, rare fossil collections including the complete skeleton of a Tyrannosaurus Rex and remains of a Plesiosaur, cultural artefacts from the Pacific islands, political cartoons, and General Douglas MacArthur's World War II fishing dinghy.

The Online Gallery is also an excellent resource for anyone interested in browsing through the fascinating, beautiful and intriguing collections of many of our cultural institutions.

The 25th Anniversary Online Gallery is available at the program website: [www.dcita.gov.au/cgp](http://www.dcita.gov.au/cgp).



*Celebrating the 25th anniversary of the Cultural Gifts Program, Lynda House, producer of Muriel's Wedding and the Minister for Arts and Sport, Senator the Hon Rod Kemp. The stunning costumes from the iconic Australian film were donated to ScreenSound Australia.*

*Photographer: David McClenaghan.*



Applications processed within agreed timeframes

Programs administered by the Department under Output 1.1 met agreed timeframes as highlighted by the following.

- Under the Foreign Actors Certification Scheme, certificates are issued to confirm that relevant Australian content criteria have been met in relation to films or television productions, wholly or partially produced in Australia, for which producers wish to engage foreign performers. In 2003–04, 42 applications were processed, 98 per cent within the agreed timeframes.
- In 2003–04, Visions of Australia, Playing Australia, Festivals Australia and the Contemporary Music Program achieved 100 per cent compliance with the Department’s Client Service Charter requirement to ensure grant payments were made three months prior to the project commencing.

- All ROCO applications were assessed against eligibility criteria and eligible applications were submitted to the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer for their consideration every three to four months, in line with program requirements.
- All Cultural Gift Program applications were processed to ensure that they were submitted to the next Taxation Incentives for the Arts Committee meeting in line with program requirements.
- Effective management of RAF grants to RAOs resulted in all payments and required reports meeting funding deed timelines, allowing RAOs to provide 182 grants for cultural activity in regional areas.

High quality and timely policy advice and Ministerial services

The Department provides policy advice to the Government on a wide range of cultural issues.

Table 2.13 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframes (%)
Ministerial correspondence	917	71
Briefings		
- initiated by the Department	566	not applicable
- meeting briefs	474	84
Question time briefs	275	68
Parliamentary Questions on Notice	2	50

Note: Performance information for Outputs 1.1 and 1.2 has been consolidated.

The Department aims to respond to all Ministerial requests for advice, including briefings and question time briefs, in a timely manner. Where this is not possible, the Department negotiates revised timeframes with the Minister's Office. The Department will continue to monitor its performance in providing timely responses and is upgrading its processes to assist that monitoring.

In responding to Parliamentary Questions on Notice, there was a delay in providing a response to one question because of the complexity of the response required, and the need to seek comprehensive input from the relevant portfolio agency.

This is the first year that performance information is being collected in this way and trends will be available from 2004–05.

In conjunction with cultural agencies, the Department has coordinated policy activities arising from the *Review of Cultural Agencies* outcomes announced in the context of the 2003–04 Budget. During 2003–04, key outcomes achieved included the development of a portfolio collection storage plan, a digital collection strategy and a coordinated agency procurement profile. The portfolio collection storage plan supported a successful bid by the National Library of Australia (NLA) for \$9.9 million over four years from 2004–05.

Coordination of the Review also led to new funding arrangements for Bundanon Trust and NIDA, and to new administrative arrangements for ScreenSound and Questacon which were successfully implemented during 2003–04. The Department worked closely with collecting institutions and relevant agencies to progress policy objectives in respect of collection depreciation arrangements.

In 2003–04, the Department provided detailed policy advice to support outcomes for access and excellence in Australia's cultural activities and preservation and development of cultural collections. Highlights are set out below.

- In response to domestic production levels and concern about the performance of the local film industry, an analysis was undertaken of production and taxation issues relating to the film sector and outcomes of the film tax offset and 10BA/10B tax incentive schemes.
- Internal reviews into elements of the BIAP administered by the Department (ELR, Books Alive, and Book Industry Statistics) confirmed the effectiveness and efficiency of the three programs, leading to a decision to continue funding for the ELR.
- The Department contributed to new policy developments in philanthropy through a submission to the Prime Minister's Community Business Partnership and participation in an advisory committee that assessed public submissions to the Partnership. The Government's consideration of the Charities Bill was supported through preparation of a departmental submission and consultation with the arts sector.
- The review of the Australia Council's triennial funding, conducted jointly with the Council, contributed to renewed triennial funding from 2004–05 until 2006–07.
- Internal reviews were undertaken across a range of areas contributing to a Government decision to continue

support for the RAF as a means of assisting access to cultural activity in remote and regional Australia. The Government will provide increased funding of \$6.1 million over four years from 2004–05 for the AIA program, to address the impact of higher insurance costs and meet the increasing demand for access to exhibitions of significant cultural material.

**Support for the contemporary visual arts and craft sector by Artbank**

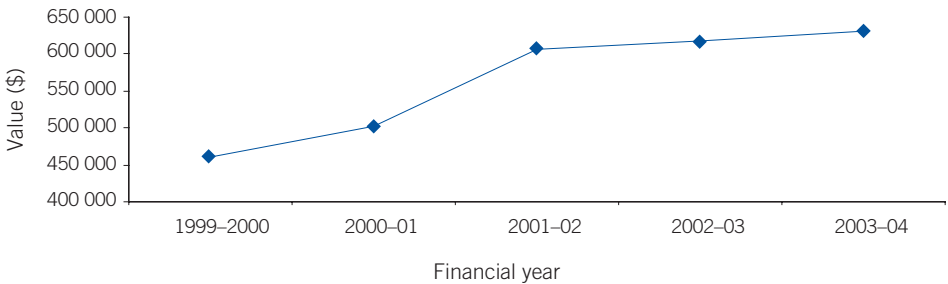
Artbank aims to provide greater access to the arts for Australians, to encourage emerging Australian artists and to assist the visual arts and craft sector to market itself nationally and internationally.

Over the past five years, Artbank’s support to artists through purchases of artworks, has risen substantially. As a direct result of increased revenue, Artbank has been able to reinvest increasing amounts each year, culminating in a record level of support of \$630 500 in 2003–04.

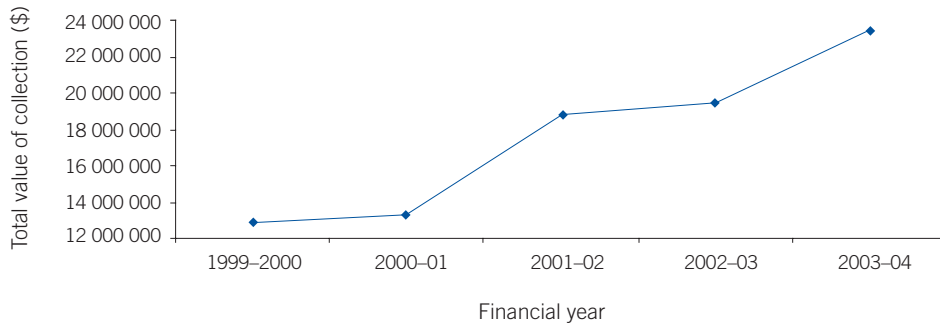
Since June 2000, the total value of the Artbank collection has risen steadily. Independent valuations are conducted at three-yearly intervals by expert valuers and audited by the Australian National Audit Office (ANAO).

There has been a slight decrease over the last three years in the number of works on display at client premises and exhibitions. Despite this reduction, over the past five years average rental revenue per client has increased. This reflects changes in the rental market, with rental patterns indicating that clients are each renting fewer works of higher quality.

Graph 2.2 Financial support to artists – purchase of artworks



Graph 2.3 Total value of collection



*Artbank is the largest national rental collection with over 9000 works available to government and private clients. This image represents the variety of artworks held at the Artbank showroom in Sydney with over 2000 works available to view at any one time.*

*Photographer: Brenton McGeachie.*

## Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 400 clients liaising with the Department on arts and cultural matters across a range of policy and program activities. Responses showed that 97 per cent were satisfied with the services provided by the Department, and 34 per cent of respondents rated their dealings as excellent.

Respondents were asked to comment on the extent to which the Department is achieving its objectives across its main areas of responsibility. In achieving access and excellence in Australia's cultural activities, 91 per cent of respondents were satisfied with the Department's effectiveness. In assisting the development and preservation of cultural collections, 90 per cent of respondents were satisfied with the Department's effectiveness.

The Department also consulted with a range of clients and stakeholders during the year on both policy initiatives and departmental programs. Examples of consultations are outlined below.

The Department held its annual Long Paddock forum with stakeholders to discuss policy issues and to facilitate the performing arts industry's input to the Playing Australia program. The Department also held a number of other forums on matters associated with the program during the year. A practical outcome of the consultations was the revision of the closing dates for Playing Australia funding rounds, to address client needs more effectively. Anecdotal feedback indicates that the industry welcomed the opportunity to participate in discussions on the program.

The Department also undertook broad stakeholder consultation on the renewed Regional Arts Fund to ensure that new program guidelines and performance indicators would be well received. The response of regional arts organisations was positive, including in terms of the level of consultation.

In 2003–04 the Department consulted with the dance industry on the delivery of Indigenous dance training. Those consulted included NAISDA, including its students and graduates, tertiary dance educators, dance practitioners, Indigenous dance organisations, Ausdance and the Australia Council. The consultations resulted in the Department receiving valuable insight into, and advice on, the feasibility of a range of delivery options.

## Compliance with accountability standards

Following extensive consultation both within the Department and with Arts and Sport portfolio bodies, the publication *General Guidance for Directors and Statutory Authorities* was finalised for distribution early in 2004–05. The previous version has been updated to take account of developments in corporate governance and a current overview of best practice. This resource has been welcomed by directors of statutory authorities within the portfolio as complementing agency-specific information.

During the year the Department participated in two internal audits, on key performance indicators and on monthly financial reporting. Some recommendations of the audits have already been implemented, and the remainder will be implemented in 2004–05. The Department

also participated in a stocktake of intellectual property policies and practices as a result of ANAO Audit No. 25 of 2003–04, *Intellectual Property Policy and Practices in Commonwealth Agencies*. All audits in which the Department participated are listed in Section 3.

### Research and analysis activities contribute to policy development

Research activities undertaken during 2003–04 have provided important input into supporting policy development.

Completed in early 2004, the Creative Industries Cluster Study provided a comprehensive overview of the digital content industries, underpinned by research on the scope and dynamics of the digital content industry in Australia.

The study identified issues which would be assisted by joint industry and government consideration and which will be progressed through the Digital Content Industry Action Agenda. Issues to be addressed include

education and training, research and development, export and marketing, and facilitation of investment.

During the year, the Australian Bureau of Statistics' industry surveys included reports on *Book Publishers 2001–02* and *Book Retailers 2001–02*, as part of the book industry statistics program – a component of the Book Industry Assistance Plan managed by the Department. A review of the program found that the data is proving valuable to industry and government, including for planning and benchmarking purposes.

In undertaking research activity, the Department also supports increased access to information relevant to the arts and cultural sectors. The Culture and Recreation Portal recorded a 68 per cent increase in visits in 2003–04 to more than 2.5 million for the year. This is due to technical changes which raised the visibility of the portal's content on major search engines, as well as an increase in the quality and range of material offered.

Table 2.14 Culture and Recreation Portal performance indicators

	30 June 2003	30 June 2004	Change (%)
Visits per annum	1 495 553	2 513 946	+ 68
Websites listed	2 531	3 010	+ 19
Pages available	1 224 028	1 446 059	+ 18

Source: Culture and recreation portal.

### Highly effective budget management

As identified in the resources for outcome table at page 22, the overall price of Output 1.1 was on budget.

Regular evaluation of the budget outcome is conducted by managers and

commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group (EMG) on a monthly basis. The commentary also includes forecasting of budget issues where possible.

## Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections

### Collections appropriately developed and managed

The Old Parliament House (OPH) collection consists primarily of items from the building's original furniture and fittings. The collection's value, assessed by the Australian Valuation Office, at 30 June 2004 was \$2.7 million.

OPH continued to develop its political and parliamentary-related collection. Notable acquisitions included:

- a collection of gifts made to former Prime Minister Sir Robert Menzies;
- a bust of former Prime Minister Ben Chifley by Kenneth Palmer;
- the former West Block Cabinet table (and 12 associated chairs), used by the Country Party/National Party between 1929 and 2003, on long-term loan from the Nationals and the Department of the House of Representatives;
- a representation of the original House of Representatives mace;
- the former *HMAS Australia* Admiral's table, used in the Senate Opposition Party Rooms between 1927 and 2003, on long-term loan from the Department of the Senate; and
- several collections of Country Party/National Party ephemera and memorabilia, including donations from former Deputy Prime Minister, the Hon Tim Fischer.

The development of the OPH oral history collection also continued. Twenty-seven interviews were conducted in 2003–04, equal to the number conducted in 2002–03.

Significant additions to the National Portrait Gallery (NPG) collection in 2003–04 included portraits of:

- writer *Elizabeth Jolley AO* (2003) by Mary Moore (NPG commission);
- self-portrait by artist *George Lambert* (1922) (gift of John Schaeffer AO);
- businessman *Essington Lewis CH* (1952) by William Dargie (gift of BHP Billiton);
- Senator *Dame Nancy Buttfield DBE* (1958) by Ivor Hele (gift of the family); and
- *Margaret Whitlam AO* (1998) by Kim Spooner (gift of the artist).

The collection's depth and strength was highlighted by two exhibitions showcasing its development over the NPG's five years of operation: *Making Portraits: 5 Years of NPG Commissions* and *Depth of Field: Portrait Photography in the NPG collection*. The NPG's reputation was also evidenced by requests for loans of 18 works from its permanent collection.

As outlined in table 2.15, the cumulative number of items in the NPG collection was 710 at 30 June 2004, with an assessed value of \$12.013 million.

Table 2.15 National Portrait Gallery – collection number of items and value at 30 June

	1999–2000	2000–01	2001–02	2002–03	2003–04
Number of items *	89 (8 gifts, 81 purchases & commissions)	144 (47 gifts, 97 purchases & commissions)	370 (193 gifts, 177 purchases & commissions)	485 (291 gifts, 194 purchases & commissions).	710 (446 gifts, 264 purchases & commissions).
Assessed value	\$746 586	\$6 761 897	\$9 480 660	\$10 390 435	\$12 013 414

\* This is a cumulative total.

As of 30 June 2004, the Department's asset register listed 87 gifts valued at \$769 900 received from 20 donors in 2003–04, compared with 98 gifts valued at \$742 455 from 30 donors in 2002–03. As a result of a change in its collection management policy, the NPG Board agreed that an additional 68 donated works formerly in the NPG archive collection were to be transferred to the NPG collection in 2003–04. The archive collection includes

items of lesser value, such as prints and photographs, which had not previously been added to the assets register by the NPG. These 68 works have been valued at \$37 200.

### Heritage buildings appropriately preserved and maintained

OPH undertook a range of refurbishment, restoration and conservation projects, in accordance with the relevant legislation, works codes, standards and policies.

Table 2.16 Building conservation and refurbishment – expenditure

	2001–02	2002–03	2003–04
Total expenditure on relevant capital works	\$1.605m	\$2.991m	\$4.428m
Total expenditure on relevant conservation works, including collection conservation	\$43 765	\$163 400	\$135 475



Major conservation works undertaken during the year included:

- stabilisation, restoration and protection of the original 1927 hand-painted wall features in the former Private Members' Dining Rooms; and
- conservation work in the Speaker's Suite and Major Party Rooms.

Conservation works ensure the ongoing preservation and integrity of the OPH building while also facilitating public display and access. OPH also commenced the process of nomination of the building for inclusion on both the Commonwealth Heritage List and the National Heritage List.

OPH continued its current five-year capital works plan of major refurbishment and restoration projects, including:

- completion of the first stage of the replacement of the building's front roof;
- restoration of the former National/ Country Party rooms and adjacent areas as part of the Major Party Rooms project;

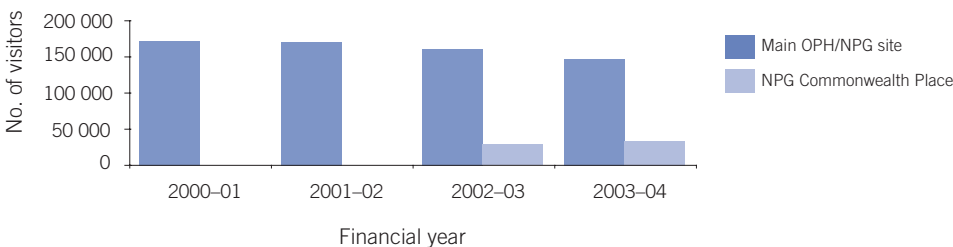
- refurbishment of the OPH House Gallery (former Deputy Prime Minister's offices) for use as a museum standard exhibition gallery; and
- restoration of the former Private Members' Dining Rooms and adjacent areas.

### High visitor/audience satisfaction and engagement

Overall OPH and NPG visitor levels have remained healthy with visitation at the NPG's annex in Commonwealth Place helping to offset falls in visitor numbers to the main OPH building. In the last quarter of the year, the main OPH site also experienced a general turnaround in visitation with increases in visitor numbers.

Total combined visitors for the main OPH site and Commonwealth Place (excluding café, function and restaurant visitors) were 180 704, compared with 189 657 in 2002–03. This reduction is consistent with the general downturn in visitor numbers experienced by attractions in the Australian Capital Territory, partly as a result of a six per cent decrease in tourism during 2003–04.

Graph 2.4 Visitors to OPH and NPG



## Case study

### Major Party Rooms exhibition – Old Parliament House

On 24 November 2003, Prime Minister, the Hon John Howard MP, opened the Major Party Rooms exhibition at Old Parliament House. The rooms are linked to the three major political parties that occupied OPH during its time as the home of the Australian Parliament. Previously, visitors to OPH had little opportunity to explore the critical role of the major political parties within Australian parliamentary democracy.

Underlying these exhibitions are the important themes that Australian parliamentary democracy is bound up with strong and broadly based political parties and that Australians need to participate in politics to protect that democracy.

The refurbished rooms are presented as if in use by a major political party in a particular period, and display pertinent artefacts and materials. Specific to each room is a multi-media interactive touchscreen utilising animation, photographs, video, film, audio recordings, plans and drawings. Visitors can choose from the interactive information about people of significance in each party, milestones in the party's history, incidents that happened in the room, and the furniture and fittings.

The three political parties represented provided important support in the form of copyright clearances, donations or loans of artefacts and papers, and three current parliamentarians delivered key messages in the multimedia interactives. A significant contribution to the authenticity and ambience of the Country Party Room came from the Department of the House of Representatives and The Nationals through the loan of the magnificent meeting table used by the Country Party/Nationals since the early 1930s.

'I know that when I walked into the restored Country Party Rooms, which the Country and later National Party occupied continuously from the 1920s right through until the building closed in 1988, I felt as though they were still in use today.'

*The Rt Hon J D Anthony AC CH, Chairman of the OPH Governing Council and former leader of the Country, later National Party.*

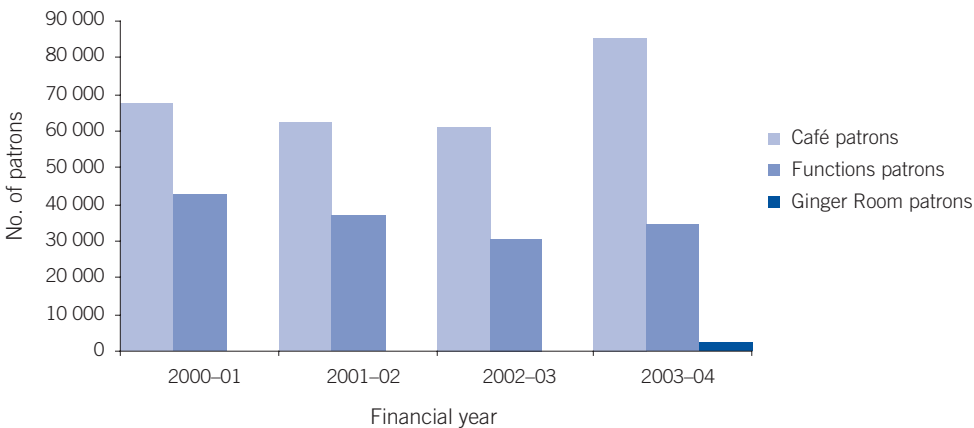
The rooms enhance the visitor experience at OPH and offer an ongoing opportunity to increase the vibrancy of the House.



*View of the restored Country Party Room, Old Parliament House.*

*Photographer: Steve Keogh.*

Graph 2.5 Functions and cafe visitors



Exit surveys conducted with visitors to OPH and NPG throughout the year showed that 98 per cent of visitors rate their overall experience as 'good' or 'very good'.

### Growing visitor/audience reach, in Canberra and nationally

While maintaining, and perhaps increasing, visitation from other geographic segments, OPH and NPG sought particularly to increase visitation by Sydney and other

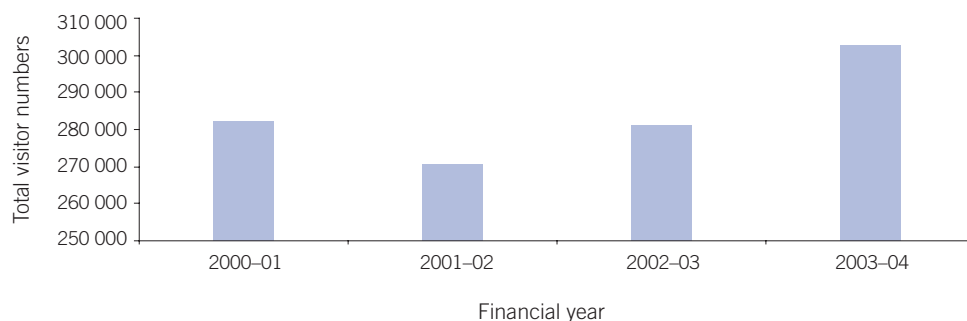
New South Wales residents. An increase in visitors from New South Wales, Queensland, South Australia and Western Australia was achieved. OPH and NPG continued to develop new exhibitions, tours, family-friendly activities, interpretive projects and enhancements of services to increase and broaden audience reach. Visitation from a range of age brackets was maintained, with consistent strong performance in attracting people aged 25 years and over.



*A school group enjoying the education program at Old Parliament House. The school group will do a role play in the House of Representatives Chamber with the teacher and a student playing the Speaker and the Clerk of the House of Representatives and the rest of the students participating as MPs.*

*Photograph: courtesy of OPH.*

Graph 2.6 Total visitors to OPH and NPG



Source: OPH door-take figures and Ginger Catering data

Note: Ginger Catering commenced operations at OPH in August 2002. The Ginger Room restaurant opened in March 2004.

Although the House Gallery was closed for five months for relocation and refurbishment, OPH presented eight exhibitions in 2003-04 (compared with nine exhibitions in 2002-03). Major exhibitions included:

- *Pickering & Pryor* (12 December 2002 to 31 August 2003); and
- *The People's Procession* (2 December 2003 to 18 July 2004).

Exhibitions were complemented by a range of public programs including workshops, tours and fora. OPH continued to assess and evaluate all exhibitions and programs to improve their development and meet the needs of existing and potential audiences.

Other enhancements included presentation of specialist tours, including a new Women's Way Tour, and ongoing development and review of the OPH volunteer program.

The NPG presented nine exhibitions, the same number as 2002-03.

They included:

- *Max Dupain: The Vintage Years* (6 June to 10 August 2003);
- *Presence and Absence: Portrait Sculpture in Australia* (22 August to 16 November 2003);
- *Lewis Morley: Myself and Eye* (14 March to 29 June 2003);
- *Proof: Portraits from the Movement by Juno Gemes* (10 July to 7 September 2003); and
- *Facing Memory: Headspace IV* (19 September to 2 November 2003).

Four NPG exhibitions toured to venues outside Canberra during the year:

- *Rarely Everage: The lives of Barry Humphries* (Arts Centre, Melbourne);
- *Lewis Morley: Myself and Eye* (State Library of Victoria, Melbourne);
- *Proof: Portraits from the Movement by Juno Gemes* (Macquarie University, Sydney); and

■ *Australians in Hollywood*  
(Arts Centre, Melbourne).

The NPG's 2003–04 exhibition program expanded its audience reach by building on existing strengths. For example, *Australians in Hollywood* highlighted the strength of the photographic collection.

NPG exhibitions were enhanced by catalogues, public programs, student workshops and Circle of Friends (NPG supporters) events.

In addition to touring exhibitions, continuing NPG offsite activities included:

- the Circle of Friends, whose numbers reached 761;
- the successful regular publication *Portrait*; and

- the continued growth and development of the NPG's contemporary gallery space at Commonwealth Place in the Australian Capital Territory.

The NPG continued to develop and consolidate its audience through its ongoing program of activities. In 2003–04, it presented five lectures and seminars and one symposium, including the annual Anniversary Lecture which was delivered by Marc Pachter, Director of the National Portrait Gallery, Washington DC.

The education sector continued to be a key growth area for OPH. The number of students accessing OPH services and programs continued to grow, both in actual numbers and as a proportion of overall visitors.



*Andrew Sayers, National Portrait Gallery Director and Oscar winning actor Geoffrey Rush at the opening of Australians in Hollywood (13 November 2003).*

*Photographer: Geoff Comfort.*

OPH student visitors have increased significantly, from 34 171 in 2002–03 to 40 211 in 2003–04 and by 57 per cent since 2000–01. OPH has also grown in popularity to become Canberra’s fourth most popular student venue, attracting approximately 30 per cent of all school visitors to the ACT in 2003–04. There were 12 536 students that experienced NPG education programs, a slight decrease on the 2002–03 figure of 13 700. Both OPH and NPG education programs were widely promoted to the formal education sector.

Surveys continue to indicate that teachers are very satisfied with their students’ experience at OPH and NPG. Highlights of staff-directed programs included development of a ‘World War II Prime Ministers’ schools program, which will have continued relevance in the 2004–05 program with the 60th anniversary of the end of the World War II.

OPH and the NPG have also continued to develop a substantial presence through their website activities in 2003–04:

Table 2.17 Old Parliament House – website statistics 2003–04

	2002–03	2003–04
Total visits	57 939	69 719
Change from previous year	Not available	+20%

Source: DeepMetrix LiveStats site tracking software.

Table 2.18 National Portrait Gallery – website statistics 2003–04

	2002–03	2003–04
Total visits	50 000 approx	62 270
Change from previous year	Not available	+25%

Source: /db/npg.mdb (online collection) dev.portrait.gov.au/webstats

Key content additions to the OPH website included material from the *In the Picture* and *Playing Politics* exhibitions, preliminary material for the planned *Petrov Affair* exhibition and an integrated events calendar.

Content additions to the NPG website included the *Five Years in Review* and *Headspace IV* exhibitions and ensuring that every NPG exhibition is represented online.

OPH and NPG exhibitions and activities continued to attract substantial media coverage. OPH generated 155 newspaper stories, 55 radio stories and 24 television stories in local and national media. This includes approximately \$500 000 worth of media exposure for the April 2004 promotion of the *Petrov Affair* exhibition, which will open in August 2004. The NPG also continued to attract positive media coverage for its activities throughout 2003–04.

OPH and NPG success in meeting the needs of a growing and diverse audience was recognised through several awards. For the third year running, OPH and NPG won the Canberra and Capital Region Tourism Awards 'Heritage and Cultural Tourism' category. OPH and NPG also won the prestigious National Tourism Award in the same category, for the second year running. The NPG received five publication and design awards at the Museums Australia National Conference, matching the five achieved in 2003.

### Timely advice

Performance against this measure for Output 1.2 has been combined with Output 1.1. Refer to page 42.

### Revenue budgets are met

OPH and NPG revenues from other sources show a fall in 2003–04 from 2002–03 levels. This is primarily due to variations in donations of artwork and cash received in those years. Cash donations are difficult to estimate; in 2002–03 cash donations exceeded expectations.

Total revenue from other sources was \$236 000 over the budget estimate. The major variation relates to NPG receiving more in donated cash and artworks than estimated.

### Highly effective budget management

As identified in the resources for outcome table at page 22, the overall price of Output 1.2 was on track, with only a minor above budget performance (0.76 per cent). See table 2.19 overleaf.

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.

Table 2.19 OPH and NPG revenue from other sources

	<b>2002-03 \$'000</b>	<b>2003-04 \$'000</b>
PAES revenue budget	2443	2174
OPH and NPG revenue actuals	4066	2410





## Outcome 2

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

Resources for outcome

Performance information index

Achievement of outcome

Administered items

Output 2.1

## RESOURCES FOR OUTCOME

### Outcome 2

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

	(1) Budget 2003–04 <sup>6</sup> \$'000	(2) Actual 2003–04 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2004–05 <sup>7</sup> \$'000
<b>Administered expenses</b> (including third party outputs)	63 151	54 289	(8 862)	16 563
<b>Total administered expenses</b>	63 151	54 289	(8 862)	16 563
<b>Price of departmental outputs</b>				
Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	3 805	3 636	(169)	6 056
<b>Revenue from Government (Appropriation) for departmental outputs</b>	3 291	3 083	(208)	5 586
<b>Revenue from other sources</b>	514	553	39	470
<b>Total price of outputs</b>	3 805	3 636	(169)	6 056
<b>TOTAL FOR OUTCOME 2</b> (Total price of outputs and administered expenses)	<b>66 956</b>	<b>57 925</b>	<b>(9 031)</b>	<b>22 619</b>

	2003–04	2004–05
Average staffing level	21	34

<sup>6</sup> Budget estimates as at 2003–04 Portfolio Supplementary Additional Estimates Statements.

<sup>7</sup> Budget estimates are as at 2004–05 Portfolio Budget Statements.

## PERFORMANCE INFORMATION INDEX

	Annual report page reference	PBS page reference
<b>Outcome 2</b>		
Development of a stronger and internationally competitive Australian sport sector and encouragement of greater participation in sport by all Australians	62	55
<b>Administered items</b>		
Water and Alpine Safety	65	55
Sports and Recreation Program (Anti-Doping)	66	55
Australian Government assistance to stage the Deaflympic Games	67	54(PAES)
<b>Output 2.1</b>		
Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	68	56

## ACHIEVEMENT OF OUTCOME

### Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

Australian Government appropriations to the sports sector totalled almost \$189 million. Around \$126 million of this was allocated to the Australian Sports Commission (ASC) to develop an effective national sports system, strengthen Australia's high performance sports system and offer improved participation in quality sporting activities. More than \$6 million was allocated to the Australian Sports Drug Agency (ASDA) to deter the use of banned doping practices through testing, education and advocacy services and coordination of the national anti-doping program.

The remaining \$57 million was appropriated to the Department. The Department provides policy advice, program management and agency support on sport, anti-doping, industry development and major event support and coordination. The Department works closely with the ASC and ASDA on those issues, such as anti-doping, where each has specific and distinct functional responsibilities. Program funds administered by the Department included Australian Government assistance to the M2006 Commonwealth Games, Water and Alpine Safety and the Anti-Doping Research programs.

In 2003–04, the adoption and implementation of the World Anti-Doping Code (the Code) was a priority for governments and members of the sports movement from around the world. Governments commenced negotiations through the United Nations Education, Science and Cultural Organisation (UNESCO) to move from the non-binding Copenhagen Declaration to an international convention through which governments would commit to their obligations under the Code. The World Anti-Doping Agency (WADA) changed its emphasis from development of the Code to implementation of the Code and monitoring adherence to the Code. The Department assisted WADA in the preparation of a new strategic plan reflecting this changed emphasis.

As with the Sydney 2000 Games, the Victorian Government and the Melbourne 2006 Commonwealth Games (M2006 Games) Corporation, which is organising the staging of the Games on behalf of the Victorian Government, will rely on considerable support from the Australian Government for the successful conduct of the M2006 Games. Australian Government agencies will provide a range of security and non-security services including athlete preparation, drug testing, border security, communications and

broadcasting, dignitary handling and protection, national law enforcement, security intelligence, non-security defence support and counter-terrorism measures.

The Minister for the Arts and Sport chairs a committee of ministers to oversee the Government's non-security involvement in the M2006 Games and is a member of a Ministerial Committee coordinating M2006 security issues.

### High levels of sport participation

The Department works closely with the ASC, the states and territories and the Australian Bureau of Statistics to coordinate a national work program that sets strategic priorities for measuring and analysing participation in sport and physical activity. This work informs the strategic advice provided to Government.

The Exercise, Recreation and Sport Survey (ERASS) forms part of this work program. The ERASS collects information on the frequency, nature and type of activities undertaken by people aged 15 years and over for exercise, recreation and sport during the 12 months prior to interview. During the 12 months prior to interview in 2003, of those Australians aged 15 years and over, an estimated:

- 69.7 per cent (10.9 million) participated in at least one physical activity per week;
- 27 per cent (4.2 million) exercised five or more times a week; and
- 82.5 per cent (12.9 million) participated in at least one physical activity over the year.

Trend data over time shows that the proportion of Australians aged 15 years and over who have participated in no physical

activity in the past 12 months has declined from 22.2 per cent in 2001 to 17.5 per cent in 2003.

### Stronger and internationally competitive Australian sports sector

The Department contributes to the development of a competitive Australian sports sector through its work on strengthening the fight against doping in sport, coordinating Government involvement in major sporting events and supporting the development of the sport and leisure industry.

The Department worked closely with the ASC and ASDA to investigate changes necessary to the national anti-doping system to ensure compliance with the Code. Both the ASC and ASDA are identified as National Anti-Doping Organisations under the Code. The *Australian Sports Drug Agency Act 1990* was amended to enable ASDA and the Australian Sports Drug Medical Advisory Committee (ASDMAC) to align their policies and procedures to meet their obligations under the Code. The amendments received Royal Assent on 25 March 2004.

The Department also worked closely with ASDA and the ASC to examine whether changes were required to existing approaches to the investigation and hearing of possible doping violations.

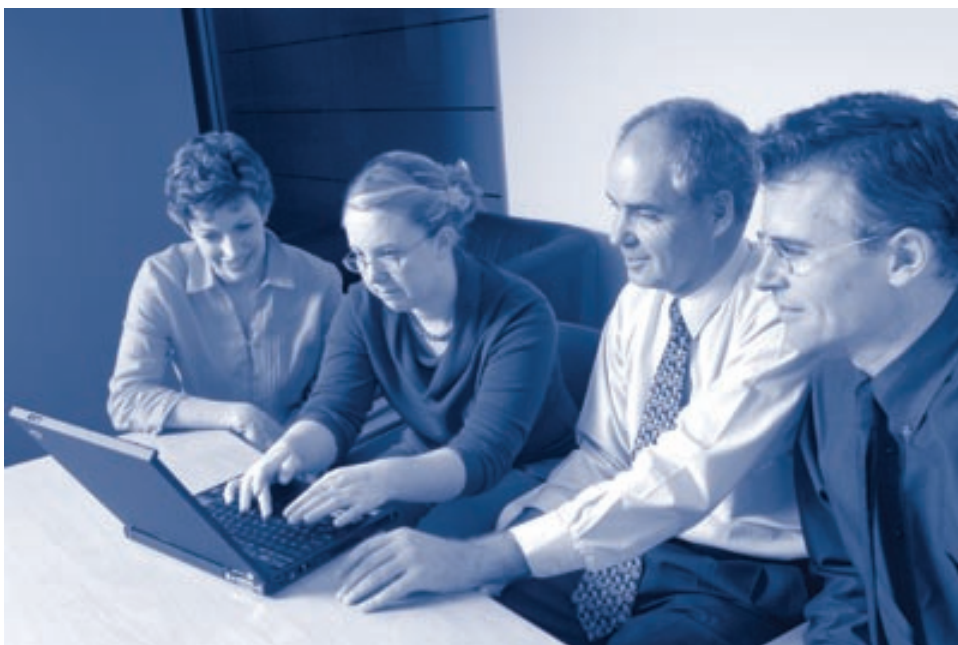
The Australian Government is supporting the Melbourne 2005 Deaflympic Games (M2005 Games) and the M2006 Games. Through the provision of financial and other support for these events, the Government is providing opportunities for Australia's high-performance athletes to participate in world-class sporting competition.

These events also provide opportunities for achieving lasting national legacies and benefits including:

- enabling the sports sector to further develop and apply its expertise in major events management;
- generating trade, investment, business and tourism promotion opportunities; and
- allowing Australia to strengthen bilateral relations with the national governments of countries that send teams to compete in these events.

By demonstrating its capacity to host safe, secure and successful major sporting events, the Australian sports sector will also enhance its prospects of successfully bidding to host major sporting events in the future.

The Government is working to support the development of a world-class sport and leisure industry for Australia through the Australian Government's strategic national plan, *Game Plan 2006*. To maximise export opportunities for sport and leisure industry products and services in 2003–04, funding was provided to Australia Sport International, a non-government organisation tasked with promoting Australia's sports-related expertise to the world to promote export opportunities and raise awareness through industry networking events and an electronic newsletter. The Department works closely with Australia Sports International to achieve *Game Plan 2006* objectives.



*Members of the M2006 Taskforce Section, Arts Support and M2006 Taskforce Branch. Left to right: Sue Evens, Kate Taylor, Stephen Richards and Terry Turnbull.*

## Administered items

### Water and Alpine Safety

#### Key initiatives undertaken

The Department administers grants totalling \$2.504 million to four national recreation safety organisations to develop and implement strategies to reduce the number of aquatic and skiing accidents and deaths in Australia.

Annual grants to national recreation safety organisations support the general

administration of the organisations and assist in the delivery of water and alpine safety programs. Special-purpose funding was also provided to support 14 projects to develop and implement strategies to reduce the number of aquatic and skiing accidents and deaths in Australia in 2003–04.

The 12 water safety projects funded from special purpose payments complied with the Government's five national water safety objectives (see table 2.20).

Table 2.20 Water and alpine safety – key objectives

Australian Government water safety objectives	Number of projects funded which met objective
A greater understanding of water safety issues by undertaking targeted research and statistical analysis	2
The assurance that risk management strategies are in place to secure all aquatic locations	1
Greater awareness by at-risk population groups of the water safety message specific to them	1
Training of teachers, coaches and instructors in the requirements of a balanced water safety education program	4
Increased water safety skills and knowledge by all Australians	4

Two alpine safety projects were funded in 2003–04. These were to:

- provide quality standardised rescue and first aid treatment of injured skiers and other visitors to alpine areas; and

- increase public awareness of the need for high standards of safety in Australian alpine areas.

All organisations met the required performance indicators and payments were acquitted within the specified timeframe.



## Sports and Recreation Program (Anti-Doping)

### High quality research

Under the *Backing Australia's Sporting Ability – A More Active Australia* policy, funds were allocated for new anti-drugs research. In 2003–04, \$885 000 was made available for this purpose compared with \$789 366 in 2002–03.

An Anti-Doping Research Panel (ADRP) coordinates the allocation of the research funding and monitors the progress of funded projects. Table 2.21 lists the anti-doping research projects that received funding in 2003–04. The ADRP is chaired by the Department and includes representatives from relevant Australian Government agencies and two non-government scientific experts.

Table 2.21 Sport and Recreation Program (Anti-Doping) – high quality research 2003–04 funding

Priority research areas		Funding
Factors enhancing the oxygen carrying capacity of blood	<i>Statistical population studies to support new analytical methodologies using EPO 2000 Project urine samples.</i> (Australian Sports Drug Testing Laboratory) *	\$159 500
	<i>Improved Method for the Detection of Erythropoietin Isoforms in Urine.</i> (Australian Sports Drug Testing Laboratory) *	\$183 400
Factors regulating and enhancing growth	<i>Defining interactions between anabolic and peptide hormones: requirement for a robust test for growth hormone doping.</i> (Garvan Institute of Medical Research) *	\$300 000
	<i>Detection of Bio-Markers of Human Growth Hormone Administration by Surface-Enhanced Laser Desorption Time-of-Flight (SELDI-TOF) mass spectrometry.</i> (Kolling Institute of Medical Research) *	\$97 600
Exogenous and endogenous anabolic steroids	<i>Identification of Potentially Undetected Androgens Derived from Marketed Non-Androgenic Steroids: Implications for Sport</i> (Anzac Research Institute)	\$67 500
	<i>Development of Certified Reference Materials for the detection of doping with nandrolone</i> (National Analytical Reference Library)	\$77 040
Projects relating to the prohibited substances list	No projects were funded under this research area.	

\* Projects initially received ADRP funding in 2002–03.

All projects complied with grant requirements for provision of progress reports within agreed timeframes.

## Australian Government assistance to stage the Deaflympic Games

### High quality administration of financial assistance for Melbourne 2005 Deaflympic Games

The 2005 Deaflympic Games (M2005 Games) will be held in Melbourne and Ballarat on 5–16 January 2005. The M2005 Games is an important event for Australia generally and Australia's deaf and hard-of-hearing community in particular.

The Melbourne 2005 Deaflympic Games Ltd (M2005 Organising Committee) is managing the planning, promotion, staging and service delivery of the Games.

The Australian and Victorian Governments have each agreed to provide up to \$4 million to the M2005 Organising Committee to support the staging of the Games. In addition, the Australian Government, through the ASC, provided an additional \$150 000 to support the M2005 Games.

A funding agreement between the Australian Government and the M2005 Organising Committee was signed on 11 June 2004. The agreement sets out the financial management and accountability responsibilities of the M2005 Organising Committee. Subject to satisfactory compliance with these requirements, the financial assistance will be provided in three instalments during 2004–05.

# Outputs

## Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector

### High quality and timely policy advice and Ministerial services

The Department provides policy advice on a range of sports issues.

Table 2.22 Advice provided within agreed timeframes

Type of advice	Total	Provided within agreed timeframes (%)
Ministerial correspondence	63	74
Briefings		
- initiated by the Department	172	not applicable
- meeting briefs	64	77
Question time briefs	57	28
Parliamentary Questions on Notice	5	60

The low compliance rate for question time briefs was partly due to the need for the Department to coordinate input from a number of agencies. In all cases, alternate timing for the submission of question time briefs was negotiated with the Minister's office and all briefs were provided within those timeframes. The Department will continue to monitor its

performance in providing timely responses and is upgrading its processes to assist that monitoring.

This is the first year that performance information has been collected in this way and trends will be available from 2004-05.

The Department provided policy advice on a range of complex issues including:

- the management of complex anti-doping issues;
- in conjunction with the ASC and ASDA, exploring legislative, policy and procedural options for improving the national anti-doping system;
- coordination of Australian Government involvement in the M2006 Games, including advice on the provision of financial and other support to the Victorian Government;
- appropriate support for the staging of the M2005 Deaflympic Games; and
- a coordinated whole-of-government communications strategy for the M2005 and M2006 Games.

### Highly effective contribution to, and coordination of, international anti-doping initiatives

The Government is represented on the Executive Committee and Foundation Board of the World Anti-Doping Agency (WADA) by the Minister for the Arts and Sport. The Department provides policy advice to the Minister in performing this role. In addition, the Department has coordinated, with expert input from the ASC and ASDA, the Government's involvement in the development of the World Anti-Doping Code and the UNESCO Convention Against Doping in Sport.

The Department's contribution to these initiatives is summarised in table 2.23.



*Facilities that will be used for the Melbourne 2006 Commonwealth Games include the Melbourne Cricket Ground (opening and closing ceremonies, athletics), the Rod Laver Arena (boxing and netball) and the Vodafone Arena (basketball and cycling).*

*Photographer: Gollings Photography Pty Ltd.*

Table 2.23 International Anti-Doping initiatives

World Anti-Doping Agency (WADA)		
Initiative	Purpose	Contribution by the Department
WADA Executive Committee and Foundation Board meetings	Promotion, coordination and harmonisation of anti-doping measures internationally	<p>The Department represented the Oceania Region and Australian Government at three meetings of the WADA Executive Committee and two meetings of the WADA Foundation Board in 2003–04. The Department made a contribution at these meetings on a number of issues including:</p> <ul style="list-style-type: none"> <li>– the integrity and transparency of the tender process for the proposed WADA athlete whereabouts system; and</li> <li>– ensuring there was robust discussion about the contents of the 2004 Prohibited Substances List.</li> </ul> <p>The Department is represented on the WADA Strategic Plan Evaluation Committee convened by the WADA Executive Committee and played a key role in the drafting of the 2004–09 Strategic Plan and its greater emphasis on monitoring compliance with the World Anti-Doping Code (the Code).</p>
Government funding for WADA	Provide funding for the promotion, coordination and harmonisation of anti-doping measures internationally	100 per cent of Australian Government contribution to annual WADA budget paid on time. The timeliness of government funding has been a difficulty for WADA who have been appreciative of the good example set by the Oceania region.
World Anti-Doping Code	Development of standards and harmonisation for international anti-doping measures	Coordination of amendments to the <i>Australian Sports Drug Agency Act 1990</i> (the Act) to enable ASDA and the Australian Sports Drug Medical Advisory Committee to align their policies and procedures to meet their obligations under the Code. The Act received Royal Assent on 25 March 2004.

## United Nations Education, Science and Cultural Organisation (UNESCO)

Initiative	Purpose	Contribution by the Department
UNESCO International Convention against Doping in Sport	Development of an international anti-doping instrument that will harmonise and coordinate anti-doping efforts across governments	<p>The UNESCO Director General invited the Australian Government, due to its anti-doping expertise and the strong international leadership it had demonstrated on anti-doping issues, to join a UNESCO Drafting Group for the Convention Against Doping in Sport. The Department represented the Australian Government at:</p> <ul style="list-style-type: none"> <li>– two ad-hoc Expert Group (category IV) meetings;</li> <li>– two Intergovernmental (category II) meetings; and</li> <li>– one inter-sessional drafting group meeting to provide Australia's expertise in anti-doping matters in the drafting of the Convention.</li> </ul> <p>Through these meetings and consultations with stakeholders throughout 2003–04, the UNESCO Drafting Group developed a draft Convention that will be presented to national governments for comment in 2004–05. The UNESCO Convention Against Doping in Sport will provide an instrument for national governments to strengthen their national anti-doping programs, and harmonise and coordinate anti-doping efforts in line with the Code. It is proposed that governments work towards ratifying the convention before the Winter Olympic Games in Turin, Italy in February 2006.</p>

## Compliance with accountability standards

As with arts bodies in the Portfolio, the *General Guidance for Directors and Statutory Authorities*, discussed at page 46, will be a useful reference document on best practice in governance and accountability for the Portfolio's sports bodies the ASC and ASDA.

No internal or external audits of sports programs were conducted during 2003–04.

## Well coordinated approach to Commonwealth involvement in Melbourne 2006 Commonwealth Games (M2006 Games)

The Minister for the Arts and Sport is coordinating the Australian Government's involvement in the M2006 Games. The M2006 Taskforce supports the Minister in performing this role.

The Taskforce's responsibilities are to coordinate the involvement of over 25 Australian Government agencies expected to provide services and support for the M2006 Games, and to liaise with the Victorian Government on planning and delivery of Australian Government support.

It also services the M2006 Ministerial Committee on Non-Security Matters and a High Level Official Group (HLOG) comprising Secretaries of relevant Australian Government departments which provides advice to the Ministerial Committee. The HLOG is chaired by the Secretary.

Through this facilitation process, the M2006 Taskforce finalised submissions to the 2004–05 Budget process which resulted in the provision to the Victorian Government of \$102.9 million in direct financial assistance and the commitment of other services and support valued at \$169.6 million.

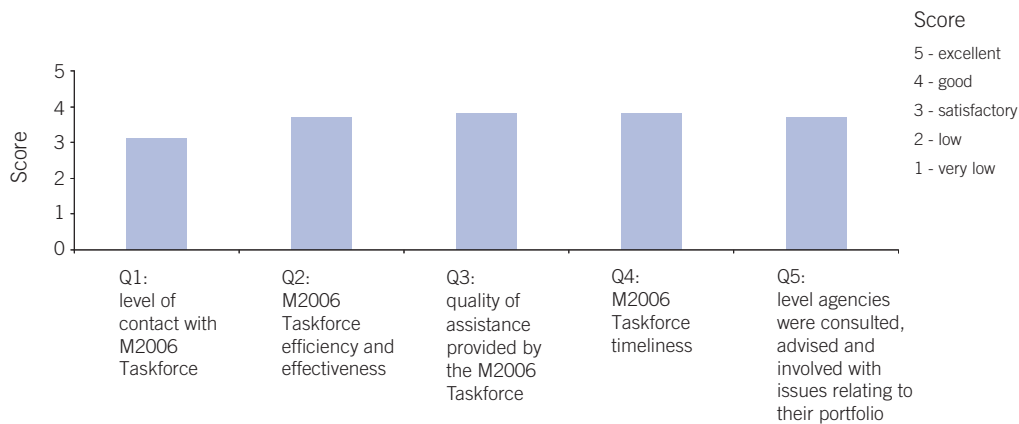
The M2006 Taskforce evaluated its effectiveness through qualitative evaluation of its stakeholders. The survey sought stakeholder assessment of the Taskforce's level of contact with agencies, its efficiency and effectiveness, its ability to provide necessary assistance to stakeholders, the timeliness of consultation, and satisfaction with the extent to which they were consulted and involved.

The survey results (see graph 2.7) found that:

- on the whole, the relevant Australian Government agencies were satisfied with the actions that the M2006 Taskforce had taken to coordinate the Australian Government response to the M2006 Games; and
- the higher the level of consultation that the M2006 Taskforce provided to the agency, the higher the agency's overall level of satisfaction with the Taskforce's performance.

In addition, the Department's annual client service survey report showed that 100 per cent of sports clients were satisfied with the policy advice, program management and agency support for the sports sector provided by the Department.

Graph 2.7 M2006 Taskforce client survey



### Highly effective budget management

As identified in the resources for outcome table on page 60, the overall price of Output 2.1 was \$169 000 under the budget estimate. Program expenses were on track with the budget estimate and running cost expenses accounted for the major part of the variation. This variation relates mainly to consultancies that were rescheduled for 2004–05.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.



## Case study

### M2006 Games – a whole-of-government approach

The challenge facing the M2006 Taskforce this financial year was to achieve a coordinated whole-of-government response that represented sound budgetary and policy outcomes. The large number of stakeholders, their often divergent views, the scope and breadth of coordination required (inter-Government, intra-Government, domestic and international), the range of funding options (direct funding, in-kind or cost-recovery), and the need to integrate security and non-security planning combined to produce a complex planning task with the potential to overlook critical elements or to have negotiations stall.

To achieve its aim, the Taskforce worked through an inter-departmental committee and a series of whole-of-government working groups to coordinate a funding submission for the M2006 Games and to keep more than 20 Australian Government agencies abreast of key milestones and emerging issues.

These forums were critical in developing the national benefits and legacies adopted by the Australian Government for the M2006 Games. They were also central to agreeing how Australia, and Australians, could derive the most benefit from the Games in terms of diplomatic, economic, tourism, cultural and sporting objectives – and how these could be communicated to the general public.

By providing sound advice, building strategic alliances, creating strong stakeholder buy-in, and helping to articulate whole-of-government goals, the M2006 Taskforce successfully coordinated the Australian Government's \$272.5 million assistance package, which was announced in the 2004–05 Budget.

In this context, another major achievement for the Taskforce was the successful outcome of contractual negotiations with the Victorian Government. By working with Ministers and agencies across the Australian Government, and with its Victorian counterparts, the Taskforce brokered agreement on how the Australian Government's \$102.9 million direct funding contribution would be spent and accounted for.

As part of the funding agreement, the Taskforce devised a series of checks and reporting mechanisms to ensure the integrity of the funded projects and alignment with the Government's M2006 Games policy objectives. The Minister for the Arts and Sport and the Victorian Minister for the Commonwealth Games signed the funding agreement on 28 June 2004.



*The Minister for Arts and Sport, Senator the Hon Rod Kemp and the Chairman of the Melbourne 2006 Commonwealth Games Corporation, Mr Ron Walker AC CBE at the signing of the funding agreement between the Australian and Victorian governments.*

*Photographer: David Hannah.*





## Outcome 3

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

Resources for outcome

Performance information index

Achievement of outcome

Administered items

Output 3.1

Output 3.2

Output 3.3

Output 3.4

Evaluations

## RESOURCES FOR OUTCOME

### Outcome 3

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

	(1) Budget 2003–04 <sup>8</sup> \$'000	(2) Actual 2003–04 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2004–05 <sup>9</sup> \$'000
<b>Administered expenses</b>				
(including third party outputs)	312 409	431 044	118 635	260 376
<b>Total administered expenses</b>	312 409	431 044	118 635	260 376
<b>Price of departmental outputs</b>				
Output 3.1 Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services	30 122	30 885	763	25 473
Output 3.2 Policy advice and program management which promote accessible high quality broadcasting services	16 649	16 255	(394)	15 807
Output 3.3 Policy advice and program management that assist the development of the Information and Communications Technology Industry	9 724	12 439	2 715	10 115
Output 3.4 Policy and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	2 161	1 943	(218)	2 342
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally <sup>10</sup>	0	0	0	14 784
<b>Revenue from Government (Appropriation) for departmental outputs</b>	55 888	59 144	3 256	66 924
<b>Revenue from other sources</b>	2 768	2 378	(390)	1 597
<b>Total price of outputs</b>	58 656	61 522	2 866	68 521
<b>TOTAL FOR OUTCOME 3</b>				
(Total price of outputs and administered expenses)	<b>371 065</b>	<b>492 566</b>	121 501	<b>328 897</b>
			<b>2003–04</b>	<b>2004–05</b>
Average staffing level <sup>11</sup>			326	426

<sup>8</sup> Budget estimates as at 2003–04 Portfolio Supplementary Additional Estimates Statements.

<sup>9</sup> Budget estimates are as at 2004–05 Portfolio Budget Statements.

<sup>10</sup> Outcome 3 has been revised to incorporate the acquired functions from the former NOIE on the creation of AGIMO, with effect from 8 April 2004, as reported in the 2004–05 Portfolio Budget Statements. Output 3.5 has been added to incorporate the new functions as reported in the 2004–05 Portfolio Budget Statements.

<sup>11</sup> The increase in ASL for 2004–05 reflects the transfer of functions to the Department from the former NOIE.

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## ACHIEVEMENT OF OUTCOME

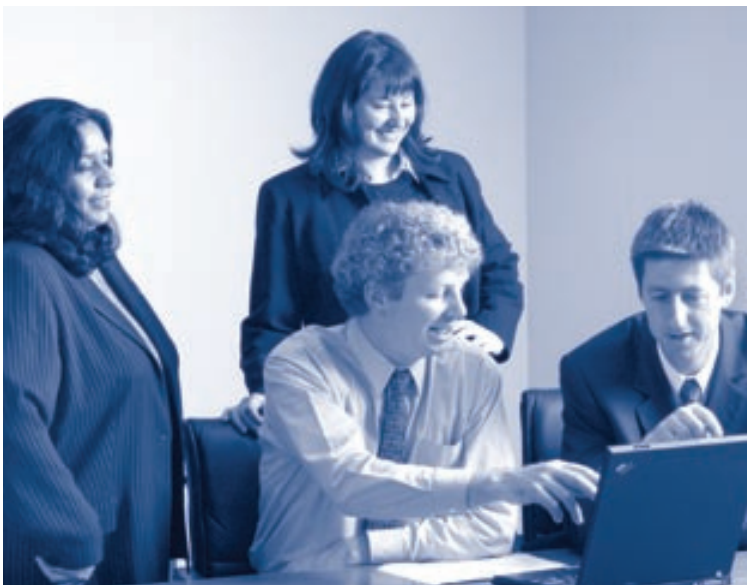
Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

There was a noticeable revitalisation across the communications sector during 2003–04 as it continued to emerge from a period of consolidation following the ‘dot-com’ crash of 2000.

The year saw telecommunications industry revenue growth return to Gross Domestic Product (GDP) growth levels, as well as new investments, product launches, price changes and competitive initiatives. Advertising revenue across the broadcasting sector grew strongly and there was an increased focus on digitisation with the launch of new digital subscription

services, interactive services on both subscription and free-to-air platforms and increased consumer take-up.

For the information and communications technology sector (ICT) as a whole, there has been renewed optimism about the industry’s prospects, with significant improvements in exports of computer and information services, lower unemployment rates and increased demand in several skill areas. The year also saw a flattening out of the ICT deficit, and increased domestic and international demand for ICT goods and services.



*Members of the Indigenous Telecommunications Section. Left to right: Karen Flick, Porsche Herbert-Funk, Simon Coulson and Lachlan Habgood.*

Convergence of communications technologies and markets continues to shape sector developments. Policy and regulatory arrangements need to keep pace with these changes.

The Department's contribution to Outcome 3 is primarily through the provision of strategic advice on the policy and regulatory frameworks and the development and administration of relevant programs. The effects of this contribution evolve over time as the industries respond to these and other influencing factors.

Two significant initiatives pursued by Government during 2003–04 had implications across the breadth of the communications outcome area: the Government's decision to create a new communications regulatory authority and the finalisation of the Australia–United States Free Trade Agreement (AUSFTA).

The Government announced in the 2004–05 Budget that it would merge the Australian Communications Authority (ACA) and the Australian Broadcasting Authority (ABA) to establish a new media and communications regulator, the Australian Communications and Media Authority (ACMA), by 1 July 2005. This merger will position the regulators well for the future development of quality communications and media services.

The Department and portfolio agencies were involved in the extensive consultative process that underpinned the AUSFTA negotiations in the areas of telecommunications, e-commerce, audiovisual and broadcasting services, intellectual property and government procurement.

Two additional initiatives during the year also had far-reaching implications for the communications sector. The first was the release by the Government of the *National Broadband Strategy* which is a joint effort between all levels of government and which outlines the collective vision for broadband development and implementation across the community. Further information on the Strategy is at Information Economy, Output 1.1 on page 153.

In June 2004, *Australia's Strategic Framework for the Information Economy 2004–06: Opportunities and Challenges for the Information Age* was finalised for release in July. This document, which replaces an earlier framework first published in 1998, sets out the Government's vision and action program to enable Australia to maintain its position as one of the world's leading information economies.

## Competitively priced and reasonably accessible telecommunications services

The key outcomes in the telecommunications market during 2003–04 were:

- continuing industry revenue growth, particularly among the third tier and smaller telecommunications carriers and service providers;
- increasing availability of wireless broadband and Asymmetric Digital Subscriber Line (ADSL) broadband services; and

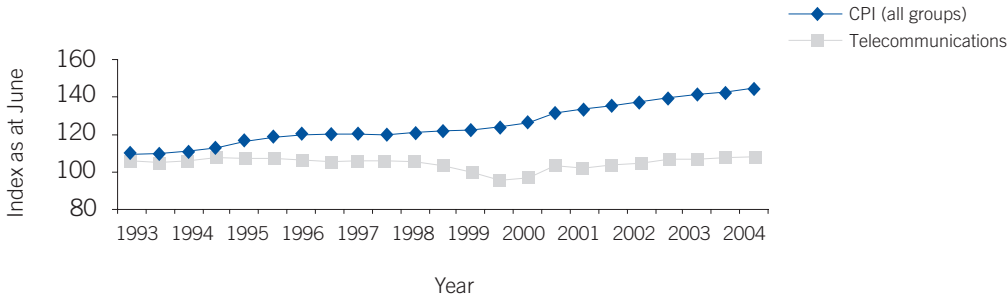
- introduction of new broadband and telephony products to the market, with signs of an accelerating shift to the delivery of voice telephony services on 'next generation' networks.

The year also saw the expansion of Australia's first third generation (3G) mobile network outside of Sydney and Melbourne

and the provision of new audiovisual content to customers as enhanced mobile phones became available.

Telecommunications prices continued to fall below the Consumer Price Index during the year. Graph 2.8 shows that this has been a consistent trend since the telecommunications market was opened up to competition in 1997.

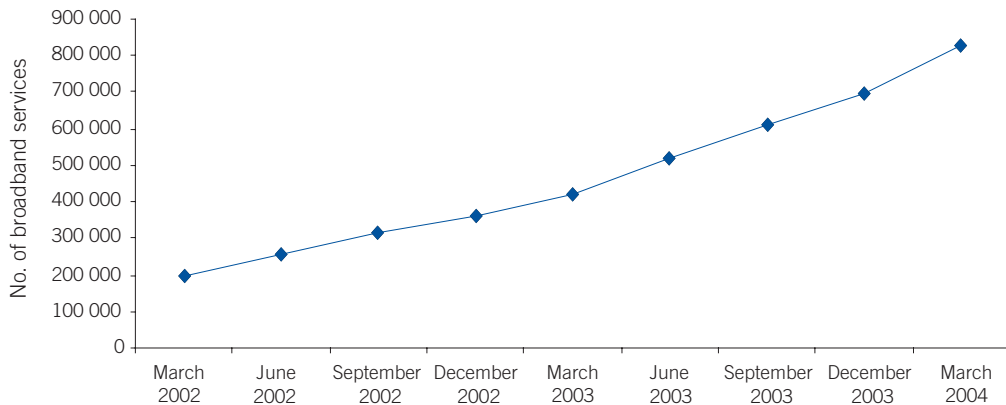
Graph 2.8 Comparison of total CPI and CPI for Telecommunications sector



Source: ABS 6401.0 Consumer Price Index.

Broadband take-up in Australia has been steadily growing in recent years. However, as a result of price reductions in February 2004, broadband take-up increased markedly, with an estimated one million active subscribers at 30 June 2004. Graph 2.9 shows the increased take-up of broadband services from March 2002 to March 2004.

Graph 2.9 Quantity of broadband services in Australia



Source: ACCC Broadband Snapshot June 2004.

These results occurred within a regulatory and policy framework which:

- encourages open competition between service providers;
- supports fair access by service providers to telecommunications networks;
- gives the ACCC strong powers to investigate and address complaints about anti-competitive conduct;
- provides specific consumer safeguards, including the Customer Service Guarantee (CSG) and price controls on Telstra's telephone services; and
- provides targeted funding to provide more equitable and affordable access to telecommunications services, particularly in regional and remote areas.

On the regulatory front, 2003–04 saw the bedding-down of major reforms to the telecommunications competition regime which were introduced in December 2002.

The Department also worked with the ACCC to achieve greater transparency in Telstra's wholesale and retail pricing under the accounting separation regime, legislated as part of the 2002 reforms. Accounting separation provides the market with better information and reduces the potential for anti-competitive pricing conduct.

As part of the price control regime, Telstra is subject to a licence condition requiring it to put in place measures to protect low-income customers. The Department continued to oversee the operation of the Low Income Measures Assessment Committee (LIMAC). LIMAC's report to the Minister of 29 April 2004 found that Telstra had responded comprehensively to its licence requirement to provide a low-income package. Also, following advice from the Department, the Minister directed the ACCC to conduct a public inquiry into the nature of price control arrangements that should apply after the expiry on 30 June 2005 of the Telstra Carrier Charges



– Price Control Arrangements, Notifications and Disallowance Determination No.1 of 2002.

The Department provided ongoing advice to the Minister on consumer concerns regarding telecommunications services. This resulted in Ministerial Directions to the ACA requiring provision of more information to customers, comprehensive credit management reform by the telecommunications industry and appropriate access controls for adult content on mobile phones.

A departmental review of the Universal Service Obligation (USO), a key regulatory safeguard ensuring that the standard telephone service and payphones are reasonably accessible to all people in Australia, found that the USO is meeting legislative objectives. On 17 June 2004, the Government announced that there would be no change in the broad legislative framework for the USO.

National security was a major Government priority in 2003–04 and the Department took a leading role in establishing and supporting a communications advisory group to the Trusted Information Sharing Network (TISN). This national network aims to focus industry and improve co-operation on measures to protect, mitigate and respond to potential threats to critical telecommunications infrastructure.

The Department administered a range of programs to improve telecommunications access in Australia, particularly in rural, regional and remote Australia. These included conclusion of the Networking the Nation (NTN) program, which provided for the roll-out or upgrade of telecommunications infrastructure in many communities, the National

Communications Fund (NCF), which is supporting improved access to health and education services through broadband connections, and the Coordinated Communications Infrastructure Fund (CCIF), which is funding the roll-out of broadband infrastructure. The Higher Bandwidth Incentive Scheme (HiBIS) was established and is expected to play a key role in improving broadband take-up in regional Australia. Mobile access was improved, with more than 170 locations receiving better coverage and more than 1900 km of highways receiving coverage in 2003–04.

Improving access to phone and Internet services for Indigenous communities was a priority in 2003–04 with the Department implementing the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC). The Department also extended the National Relay Service (NRS) contract for the supply of the National Relay Service to the deaf, hearing impaired and speech impaired communities.

## Competitively priced and reasonably accessible postal services

The postal services market continued to evolve rapidly during 2003–04. Australia Post's basic letter volumes were stable, with an expectation that they will decline in the future as a result of electronic substitution. At the same time Australia Post's parcel services and express services continued to grow reflecting the strength of this competitive sector. Another important market feature was the strength of Australia Post's retail network. In 1994–95, Australia Post's revenue from non-reserved services

was \$1227 million and around 44 per cent of total revenue. By 2003–04, revenue from non reserved services had grown to \$2185 million and comprised 55.5 per cent of total revenue.

The focus of the Government is to achieve a regulatory system that harnesses competitive forces while imposing targeted obligations for the benefit of consumers. Accordingly, Australia Post is required to provide a letter service which is reasonably accessible to all Australians and a standard letter service at a single rate throughout Australia. The Department has continued to provide advice on these regulatory issues.

The Department prepared legislation to clarify the framework for the provision of document exchange and aggregation services and to extend the role of the ACCC in overseeing the operations of Australia Post. These measures were included in the *Postal Services Legislation Amendment Act 2004* which received Royal Assent on 22 June 2004. The Department also prepared legislation to establish a Postal

Industry Ombudsman within the Office of the Commonwealth Ombudsman.

The Department has addressed a number of important issues associated with the security of mail over the past few years, including the potential for the mail system to be used for the carriage of dangerous or harmful goods. The Department continued to oversee Government funding to Australia Post to increase the screening of incoming international mail for the detection of diseases such as foot and mouth to 100 per cent. During 2003–04, the Department also provided advice to the Government about the possible need for legislation to enable state and territory quarantine officials to screen mail entering their territories for materials that may be harmful to agriculture.

## Accessible and high-quality broadcasting services

Australians enjoy access to a range of broadcasting services offering a diversity of high quality programs. Well over



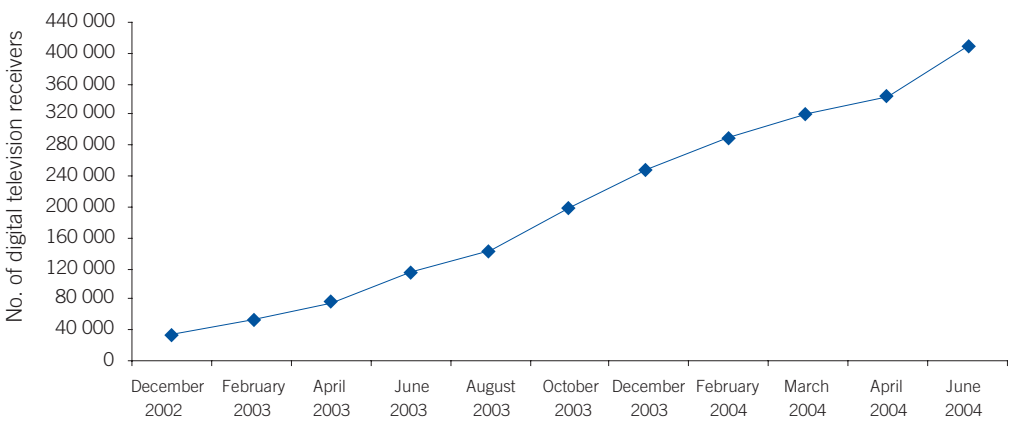
*Members of Digital Broadcasting and Spectrum Management Branch. Left to right: David Jordan, Craig Wilkes, Martin Hiscutt, Andrew Purtell and Stephanie Jolly.*

90 per cent of households can access local free-to-air television services through terrestrial transmissions, with the remainder of the population having access to a range of free-to-air television services via satellite. The rollout of digital television services has continued throughout the year. Industry estimates indicate that in June 2004 around 80 per cent of Australians had access to the digital transmissions of all their local television services, and more

than 90 per cent had access to the digital transmissions of at least the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS). By June 2004, more than 409 000 digital television receivers had been supplied to retailers and installers.

Graph 2.10 reflects the gradual take-up in digital receivers since the introduction of digital television services.

Graph 2.10 Quantity of digital television receivers in the market



Source: Digital Broadcasting Australia.

During 2003–04, community television services in Perth and Sydney were issued long-term licences by the ABA, while licensing processes were under way in Brisbane and Melbourne.

Radio services are available throughout Australia with terrestrial transmissions supplemented by satellite coverage for remote areas. Three new commercial FM licences were allocated in Adelaide, Sydney and Brisbane and the number of licensed community radio services increased from 334 to 341 in 2003–04.

The launch of new digital subscription television services in early 2004 has increased the choice of channels available to subscribers as well as enabled the introduction of new interactive services.

The Department administers three programs designed to improve access to broadcasting services. By June 2004, the Television Black Spots program had achieved its original target of addressing at least 200 television black spots. During the year, two communities became the first to benefit from solutions under the

Television Black Spots – Alternative Technical Solutions programs. Substantial cooperative efforts were coordinated by the Department to identify solutions for black spots around Port Stephens and the Gold Coast where terrain issues are particularly difficult. Financial assistance was provided under the Commercial Radio Black Spots program to extend commercial radio coverage to 68 communities, bringing to 104 the total number of communities to benefit from the program.

The Broadcasting Services Amendment (Media Ownership) Bill 2002 was re-introduced into Parliament on 5 November 2003. The Bill, prepared by the Department, implements the Government's media ownership reforms which are intended to improve the ability of media companies to deliver high quality services through improved economies of scale and scope, better access to capital and new technologies, and the entry of international companies into the Australian market.

During 2003–04, the Department, in consultation with the ABC and the Department of Finance and Administration (Finance), reviewed the ABC's regional and local programming initiatives. Having considered the findings of that review, the Government announced in the 2004–05 Budget its decision to continue funding for the program for three years from 2005–06 (at a cost of \$54.4 million). Following departmental analysis, the Government provided the ABC with additional funding of \$17.4 million over four years from 2004–05 to assist the ABC to maintain its current level of quality television programming in the face of increased acquisition costs.

The continued availability of sporting events of national significance on free-to-air television is a priority for Government and an important policy issue on which the Department provides advice.

The continuation of the anti-siphoning scheme, announced on 7 April 2004, provides for protection of a revised list of events occurring between 1 January 2006 and 31 December 2010.

The Department chaired the Digital Radio Study which examined issues relating to the implementation of digital radio. The Study Group released two information papers and hosted a public forum in September 2003 before reporting to Government in early 2004.

The Department completed two significant reviews into regulatory arrangements regarding online content and services. The review of the Online Content Co-regulatory scheme (contained in Schedule 5 to the *Broadcasting Services Act 1992*), released on 13 May 2004, found that the scheme has worked effectively but recommended a number of enhancements to be incorporated into industry codes of practice. The review of the *Interactive Gambling Act 2001* was completed during the year and the Government is expected to release the report early in 2004–05.

## Development of an Information and Communications Technology (ICT) sector, having regard to the importance of an innovative ICT sector in delivering broader economic and social outcomes

The Australian ICT industry is both a substantial industry in its own right and a major contributor to national productivity growth. Australian Bureau of Statistics data shows that the value of ICT production by ICT specialist firms was \$48.8 billion in 2002–03. In the calendar year 2003, Australian ICT exports were valued at \$4.5 billion with ICT goods exports accounting for \$2.3 billion and ICT services for the remaining \$2.2 billion. Anecdotal evidence suggests that the industry is continuing to strengthen.

The Department contributes to the development of the ICT industry and the achievement of broader national goals through a range of activities, including establishing and implementing strategic policy frameworks, contributing to the Government's science and innovation package of initiatives, supporting the development of advanced infrastructure and applications, and developing measures to support ICT small to medium sized enterprises (SMEs).

The Government's major policy framework for the ongoing development of the Australian ICT industry is *Enabling our Future*, the April 2003 report of the ICT Framework for the Future Committee. This provided Government, industry and the education and research sectors with a

structure for the development of the ICT industry over the medium term.

Key implementation outcomes from the Framework facilitated or supported by the Department in 2003–04 were:

- the Online Council agreed to take a leading role, particularly in assisting national coordination of the Framework implementation;
- the ICT Industry Alliance convened an ICT Industry Leaders Forum on 28 August 2003 to discuss ways for industry to take the Framework forward;
- the first annual ICT Outlook Forum which brought together the ICT Centre of Excellence (NICTA), CSIRO, the Defence Science and Technology Organisation (DSTO) and the ICT Council of CRCs to advance coordinated ICT research activities was held on 3–4 September 2003; and
- the MultiPLIERS group of Chief Executive Officers (CEOs) of Multinational Corporations (MNCs) in Australia was established to work with the Government in identifying investment opportunities and promoting Australia's ICT capabilities internationally.

In June 2004, the Department brought together key members of the ICT industry, research and educational communities for an ICT Priorities Review Forum which reviewed progress in implementing recommendations in the *Enabling Our Future* report. The Review Forum also identified ongoing priorities in ICT skills, SME development and investment attraction.

The ICT innovation base is a key ingredient for future industry development. The Department contributed to the development of the Government's \$5.3 billion science and innovation plan, *Backing Australia's Ability – Building our Future through Science and Innovation*, which was announced just prior to the 2004–05 Budget. The Department provided the ICT chapter of the *Science and Innovation Mapping* report and was represented on the Steering Committee of the Research Infrastructure Taskforce.

Innovation measures funded in the plan were funding for NICTA to enable it to build critical mass, an extension of the Advanced Networks Program (ANP) to enable the three ANP projects to continue their participation in research activities and develop leading edge broadband applications, and the extension of the ICT Incubators program, to provide continuing support for innovative young ICT companies and an opportunity for the incubators to achieve sustainability.

As a member of the Australian Research and Education Network (AREN) Advisory Committee, the Department contributed to the establishment of a high-capacity communications network connecting Australia's key higher education institutions.

To support the development of ICT SMEs, the Department continued to facilitate a Joint Industry–Government Working Party to enhance SME access to the Australian Government procurement markets. The Working Party's publication, *Selling ICT to Government – A Guide for SMEs*, was launched in July 2003. The Department

also maintained an ICT SME Information Unit, together with a website and email facility.

The Department worked with the Department of Foreign Affairs and Trade (DFAT) and the Department of Finance and Administration on the Government Procurement Chapter of the AUSFTA. The Agreement gives Australian ICT companies greater access to the significant US Government procurement market. At the same time, it maintains SME development measures associated with major Australian Government ICT contracts.

## Production of copyright content encouraged, and reasonable access to research and cultural materials promoted

The 2003–04 reporting period was an important year for copyright policy. The year was dominated by the AUSFTA and the resulting legislation introduced on 23 June 2004.

In working with the Attorney-General's Department (AGD) and DFAT to implement the AUSFTA, the Department had regard to the rights of creators, investors, users and distributors under the *Copyright Act 1968*. The *US Free Trade Agreement Act 2004* (the Act) contains measures to expand the rights of copyright owners and the introduction of exceptions, principles of procedural fairness and transitional arrangements to offset the impact on users and distributors.



The Act fulfils the Government's election commitments to introduce workable rights for audio performers and extend the duration of copyright in photographs to equal that provided for other artistic works. The Act assists Australia's content sector by providing a longer term of protection for copyright material, an improved liability scheme for Internet service providers, and a substantially strengthened copyright enforcement regime.

The Act also assists the communications sector by introducing new provisions to deter subscription broadcast piracy, and new provisions that limit the liability of Internet service providers for infringements

that occur on their systems and networks where they assist copyright owners in combating online piracy.

The Department, together with AGD, released a consultation package on Indigenous communal moral rights in early 2004. The proposed amendments balance Indigenous community, artist and copyright user considerations through a workable model that provides important recognition of communal aspects of Indigenous creativity.

The Commonwealth Copyright Administration (CCA) function continued its important role in facilitating the use of Commonwealth copyright materials by the Australian community.



*Members of the Intellectual Property Branch. Left to right: Jane Hyden, Simon Cordina, Jessica Coates, Peter Lunn and David Jansen.*

## Administered items

### Australia Post – Australia's response to foot and mouth disease and other quarantine risks

#### Compliance with screening standard

In 2001, the Australian Government made a decision that 100 per cent of inbound mail would be screened for the presence of possible sources of contamination by exotic animal diseases, particularly foot and mouth disease. Australia Post was provided with \$49.4 million for major infrastructure changes in Sydney and Melbourne, minor capital improvements in Brisbane, Adelaide, Perth and Darwin and the costs of employing additional Australia Post staff to open and close mail.

The Department's role is to administer the allocation of funds to Australia Post in accordance with a grant deed. One hundred per cent screening was achieved despite delays in the completion of new buildings in Sydney and Melbourne to house the necessary screening equipment.

### Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

#### Increased number of computers with Internet access in remote Indigenous communities

TAPRIC's Internet access program is a \$550 000, three-year program to improve access to Internet-based services for remote Indigenous communities.

The program has two key components:

- a two-way satellite Internet (2-wsi) service offer, with Telstra supplying the Internet service and the Department the computer packages (Phase 1); and
- a proposed offer to establish public Internet access facilities in remote Indigenous communities in conjunction with the Higher Bandwidth Incentive Scheme (HiBIS) (Phase 2).

Under the 2-wsi offer, completed in May 2004, 149 computer packages were provided to 135 remote Indigenous communities that took up Telstra's revised 2-wsi service offer to support the establishment of public Internet access facilities.

Under the Phase 2 offer, TAPRIC will provide additional financial support and computer equipment to remote Indigenous communities that establish public Internet access services under HiBIS.

A telephone survey was carried out with participating communities to gain feedback about the Phase 1 project. More than 75 per cent of participating communities have responded to the survey and feedback received is positive in a majority of cases, indicating support for services provided through the project.

#### Increased access to a working phone by remote Indigenous communities

The TAPRIC community phones program provides \$3 million over three years to develop improved and culturally appropriate telephone services for remote Indigenous communities. It comprises two



elements: the Subsidy Scheme and the Demonstration Project.

The subsidy scheme offers financial support to enable communities to have access to more affordable and effective phones. In January 2004, telecommunications carriers and service providers were invited to register their interest in this scheme and nominate products that are suitable for use within remote Indigenous communities. No responses had been received by 30 June 2004 for the subsidy scheme, although negotiations are proceeding with Telstra to develop and offer a suitable product.

The demonstration project provides financial assistance to communities to partner with carriers and/or service providers to conduct a small number of demonstration projects of innovative products and systems to improve telephone accessibility and affordability for remote Indigenous communities. As at 30 June 2004, eight applications for demonstration projects had been received. These will be assessed in early 2004–05.

### **Increased awareness of consumer rights and obligations, and ways of accessing telecommunications services**

In 2002–03, the Government allocated \$1.2 million over three years for a Mobile Telecommunications Education and Training Service (MTETS). The MTETS is travelling to remote Indigenous communities between July 2003 and May 2005. It is providing information on how to access telephone services, consumer rights and the benefits and availability of the Internet. Training is being

offered to community members on how to use the Internet and on the basics of web publishing.

The first round of training visits was completed in 2003–04, providing training to communities in five regions: Murdi Paaki (New South Wales), Wadeye (Northern Territory), Tennant Creek (Northern Territory), Tjurabalan (Western Australia) and Lower Gulf (Queensland).

The first round of visits had mixed success. The initial project team recruited by the contractor did not deliver the service in the manner anticipated, and training and reporting was below standard in the first three regions. A second team, recruited after consultation with the Department, delivered much improved training to the remaining two regions. A new tender for delivery of the second round of training visits was in development at the end of 2003–04. The proposed second round will have a more strategic regional focus with a number of information and training sessions in communities.

## **Untimed Local Calls**

### **Infrastructure upgraded**

The Department continued to administer a \$150 million contract with Telstra to provide Australians living in extended zones (the most remote parts of regional Australia) with access to untimed calls and connection to the Internet via an Internet Service Provider (ISP) at the untimed local call rate.

In 2003–04, 5785 Digital Radio Concentrators Systems (DRCS) in extended zones were upgraded to a range of new technologies providing additional call features and improved capacity. By the

end of the reporting year, the upgrade had been completed in all 102 extended zones and the final payment was made to Telstra under the contract.

## National Relay Service (NRS)

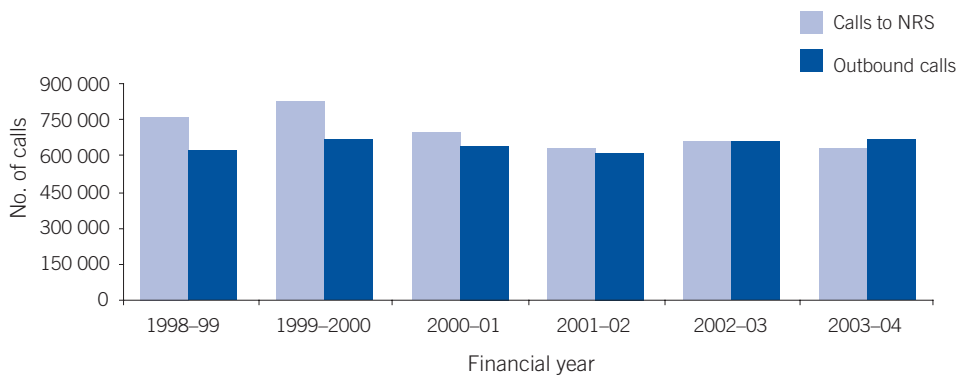
### Access to the service by target audience

The NRS is a call relay centre that provides people who are deaf, or have a hearing and/or speech impairment, with access to the standard telephone service by relaying text messages to voice and vice versa.

It also provides a text-based emergency service and a community outreach program to raise awareness. The NRS is funded through a levy on telecommunications carriers. The service is provided by the Australian Communication Exchange Ltd under a contract that is administered by the Department. Graph 2.11 outlines NRS call traffic since 1998.

While there continues to be a steady use of the NRS, alternative technologies such as email and Short Messaging Service (SMS) have had an impact on usage. However, the NRS remains a valued service for the deaf, hearing impaired and speech impaired communities.

Graph 2.11 NRS call traffic 1998–2004



Source: 2003-04 estimate from ACA telecommunications performance reports.

## Universal Service Levy

### Timely payments to universal service provider

The Universal Service Obligation (USO) and Special Digital Data Service Obligation (SDDSO) are legislated safeguards under the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. The USO ensures a standard telephone service and payphones are reasonably accessible to all Australians wherever they live or do business. The SDDSO ensures that a one-way satellite data service, equivalent to 64 kilobits per second (kbps) Integrated Services Digital Network (ISDN) service, is reasonably accessible to those people unable to access an ISDN service.

All telecommunications carriers contribute to the funding of the USO and SDDSO services by way of the Universal Service Levy. Carriers contribute in proportion to their relative market share. The Department facilitates timely payment of levy amounts received from carriers to USO and SDDSO providers. Payment was made to the USO provider early in January 2004.

### Regional Telecommunications Infrastructure Account (RTIA)

The RTIA is a special account established in 1997 through which the Government provided funding for the following programs:

- \$250 million general fund (concluded 30 June 2004);
- \$20 million Telecommunications for Remote and Isolated Island Communities (concluded 30 June 2003); and
- \$6.1 million Internet Access for Regional and Remote Communities (concluded 30 June 2003).

All these programs operated under the broad umbrella of the Networking the Nation (NTN) program. Their objective was to assist the economic and social development of regional, rural and remote Australia by funding projects which enhance telecommunications infrastructure and services, increase access to and use of services available through telecommunications networks, and reduce disparities between metropolitan and country communities in access to such services and facilities.

The following information reflects the results of surveys conducted in 2003–04 of the infrastructure and service outputs of projects funded over the previous seven years.

### Improved infrastructure facilities

Projects to develop and enhance telecommunications infrastructure were a significant component of the NTN program. They covered a wide range of technologies, highlighting the range of needs and issues which applicants were seeking to address.

Infrastructure projects were concentrated in remote and very remote areas.

Since 1997, NTN has improved access to telecommunications infrastructure by funding:

- more than 20 projects providing links to telecommunications networks,

or seeking to develop, trial or test telecommunications equipment;

- almost 30 projects providing Internet infrastructure and/or services enabling Internet service provider customers to connect to the Internet at the cost of a local call, resulting in the establishment of 153 Internet points of presence to provide Internet access at local call rates;
- 35 projects providing access to videoconferencing facilities to the public or specific groups. Of these, 15 were specific telehealth projects in which videoconferencing technology was installed; and
- 212 projects to develop new public Internet facilities.

### **Improved access to telecommunications services**

NTN has addressed a wide range of barriers to the take-up of telecommunications services, including availability, affordability, skills and applications. The program has supported projects involving the provision of public Internet access, IT training and awareness raising, and the development of online services.

Since 1997, NTN has improved access to telecommunications services in Australia by funding:

- 19 projects specifically designed to increase awareness of the benefits of online services;
- 42 projects providing facilities to allow e-commerce or e-business to be provided to end users by service providers, including secure electronic trading facilities, regional portals or gateways; and
- 22 websites (telehealth, education online) directly to end users.

### **Increased terrestrial mobile phone coverage**

A total of 45 mobile phone services (including base stations and repeaters) were commissioned during 2003–04 under the programs administered through NTN (including Building Additional Rural Networks). This significantly increased total mobile phone coverage in regional Australia.

Map 2.1 on page 96 identifies the total mobile phone sites that have been commissioned as a result of the various Government mobile phone funding initiatives.

## Telstra Social Bonus – Building Additional Rural Networks (BARN) program

The BARN program was established in June 1999 to support the development of new networks and new network services and products, with an emphasis on the adoption of innovative solutions and leading edge technologies, and strong participation of new telecommunications carriers and service providers. The Government funding of \$70 million was allocated over five years. In June 2003, \$35 million of BARN program funds was incorporated into funding for the National Broadband Strategy.

A total of 44 projects were funded in-part or wholly by the BARN program, with \$29.7 million in BARN funding allocated. A large number of these projects were planning and demand aggregation studies.

The program has been extended to 30 June 2005 to allow all projects to conclude in an orderly manner.

### Improved infrastructure facilities

BARN funding has contributed to the provision of 11 new and enhanced broadband infrastructure networks in regional Australia since 2000. Regional solutions have been based on a range of network technologies and architectures, including the use of wireless local loop, cable, satellite and ISDN.

### Improved access to telecommunications services

The 11 BARN infrastructure projects have delivered a range of telecommunications services to communities in regional, rural and remote Australia, including basic

telephony for Indigenous communities, public Internet access, videoconferencing and satellite mobile telephony, as well as terrestrial mobile telephone services.

### Increased terrestrial mobile phone coverage

Of the 45 mobile services funded through the NTN program, 14 were established through projects receiving funding or part funding from BARN. This included new services at Circular Head, Dorset and Waratah Savage River regions in Tasmania and a new service on Fraser Island.

## Telstra Social Bonus – Local Government Fund

### Improved access to local government services

The fund supports local government authorities in regional and rural areas to improve services and benefits for their communities through the use of advanced telecommunications technologies. A total of \$43.3 million is being provided for 42 projects. Projects with a national scope are being coordinated by the Australian Local Government Association. Local government bodies have also been active drivers of many of the projects.

Of the 42 projects, 26 have been completed and have delivered significant improvements in access to local government services.

In Tasmania, all 29 regional councils now participate in the Council Connect website and offer ten of their basic services online 24 hours a day, seven days a week. It is expected that the initial ten online services will be expanded to a further 40 to 50 services during 2004–05.

Data from South Australia indicates that the number of online transactions has increased by more than 25 per cent from 17 092 during 2002–03 to 21 476 during 2003–04. The project managed by the Local Government Association of Queensland has confirmed that significant savings can be realised if core local government services are delivered online.

## Telstra Social Bonus – Launceston Broadband Project

### Improved access to telecommunications services

The Launceston Broadband Project (LBP) is a \$30 million joint initiative between Telstra and the Government, established in 2000. The LBP consists of the Broadband eLab and ADSL testbed administered by Telstra, and the Business Development Fund (BDF), a grants program for applications (software) development, administered by the Tasmanian Electronic Commerce Centre (TECC).

The number of Launceston subscribers on the ADSL testbed grew by 38 per cent in 2003–04 to 2111 including residential, business and test lines. Twelve software applications were trialled on the ADSL testbed in 2003–04. This included five applications developed by the BDF grantees, bringing to eight the total of BDF applications trialled since the LBP began. The Broadband e-Lab continued to develop a variety of online applications, employing an average of 22.8 staff throughout the year.

In 2003–04, two new innovative interactive multimedia projects, by Blue Rocket and Roar, received BDF funding through

TECC, bringing the total number of BDF projects to 16. Both projects also received funding support from the joint Australian Broadcasting Authority – Australian Film Commission Broadband Production Initiative. The Blue Rocket project received an additional contribution from Telstra.

During 2003–04, the Department negotiated an agreement with Telstra to extend the LBP to 30 June 2006 and to broaden it to include: wireless platforms (1xRTT and WiFi), applications development and trials, use of the LBP testbed for Internet content filtering trials, and greater engagement with the Tasmanian IT industry. The Department also commenced negotiations with TECC to extend its administration of the BDF, to enable full delivery of the Government's original funding commitment.

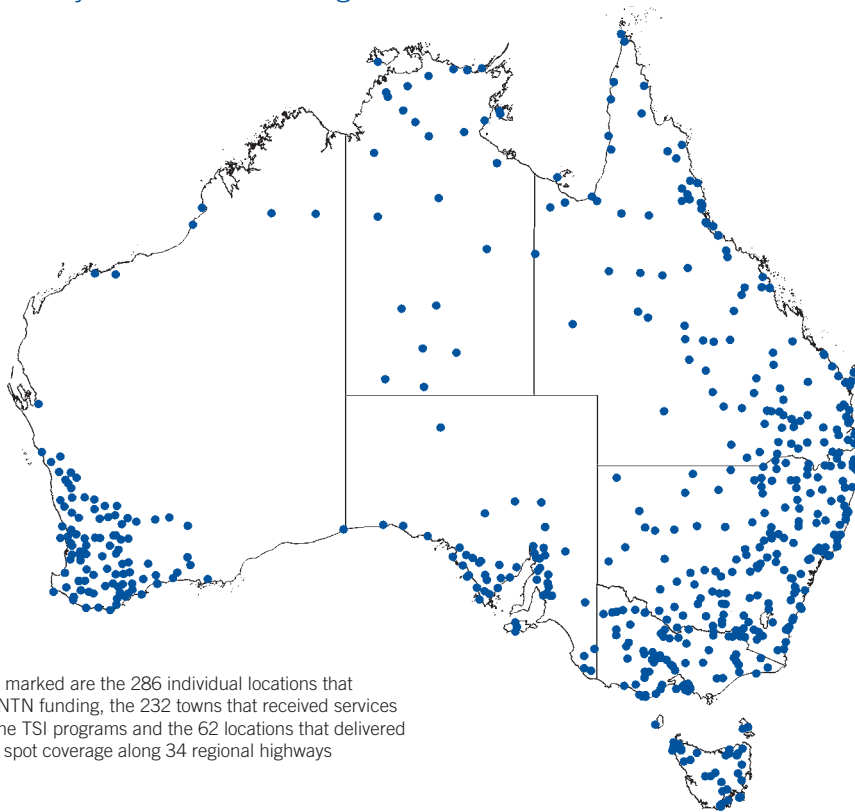
## Telecommunications Service Inquiry response – regional mobile phone programs

The Telecommunications Service Inquiry was established on 9 March 2000 to independently assess the adequacy of telecommunications services in metropolitan, regional, rural and remote Australia. The following administered items are a response to the Inquiry's recommendations.

### Improved access to telecommunications services

The Satellite Phone Subsidy Scheme aims to make mobile phone communications more affordable for people living or working in areas where terrestrial mobile phone coverage is not available.

### Map 2.1 Location of mobile phone infrastructure supported by Government funding



Locations marked are the 286 individual locations that received NTN funding, the 232 towns that received services through the TSI programs and the 62 locations that delivered improved spot coverage along 34 regional highways

A total of 1788 applications were approved during 2003–04. This figure is up slightly from 2002–03, when 1554 applications were approved. Since commencement of the scheme in August 2002, 3342 applications for the subsidy have been approved overall, with a total value of \$2.9 million.

#### Increased terrestrial mobile phone coverage

The Towns over 500 program, subsidises the extension of terrestrial mobile phone coverage to 132 regional towns with 500 or more residents. An amount of \$23.9 million is being provided to the program over the years 2001–02 to 2004–05.

In 2003–04, coverage was extended in 52 towns adding approximately 28 240 square km of mobile phone coverage. In 2002–03, 59 towns received enhanced coverage.

Around 120 000 people in 2003–04 will have benefited from this expansion in coverage. This represents 0.6 per cent of the Australian population (based on 2001 census data) and 0.3 per cent of the land mass of Australia.

Telstra was unable to meet the final contract milestone by 30 June 2004 as it experienced delays in gaining planning approvals to install the infrastructure in some towns. Coverage to the remaining towns will be completed in 2004–05.

The Towns under 500 initiative subsidises the extension of terrestrial mobile phone coverage to 55 regional towns with fewer than 500 residents. An amount of \$18.8 million is being provided for the program over the years 2001–02 to 2004–05.

In this financial year, coverage was extended in 37 towns adding approximately 13 000 square km of mobile phone coverage. In 2002–03, 11 towns received enhanced coverage.

Around 12 000 people will have benefited from this expansion in coverage in 2003–04. This represents 0.07 per cent of the Australian population (based on 2001 census data) and 0.1 per cent of the land mass of Australia.

Again, Telstra experienced some delays in planning approvals and did not meet the final contract milestone by 30 June 2004. Extended coverage to the remaining seven towns will be completed in 2004–05.

The Wireless West initiative was jointly funded by the Australian and Western Australian Governments and Telstra, with each contributing equal funding of \$7 million. Under this initiative, 45 new base stations were constructed to improve mobile phone coverage in the South West Land Division of Western Australia. The first ten locations were commissioned by 30 June 2002, with a further 26 locations commissioned by 30 June 2003. Roll-out of the infrastructure was completed in May 2004, with the final nine locations commissioned.

### Improved mobile phone coverage along regional highways

Through the \$19.1 million Selected Regional Highways initiative, the Government is subsidising the extension of mobile phone coverage to 62 lengths along 34 regional highways over 2001–02 to 2004–05.

In this financial year, 28 lengths were completed providing a further 1911 km of highway coverage. In 2002–03, 22 lengths were completed providing 1340 km of coverage. In total, 3251 km of new highway coverage has been provided. This exceeds the 2621 km required under the agreement with Telstra.

### Telecommunications Service Inquiry response – Internet Assistance Program (IAP)

The IAP commenced on 1 July 2001 and was a joint initiative between the Australian Government and Telstra, with the Government contributing \$10 million over three years. The IAP comprises an Online Help Service and a Technical Support Service run by Telstra to assist Internet users achieve the minimum equivalent dial-up Internet throughput of 19.2 kbps over Telstra's fixed line network.

### Correction of line problems

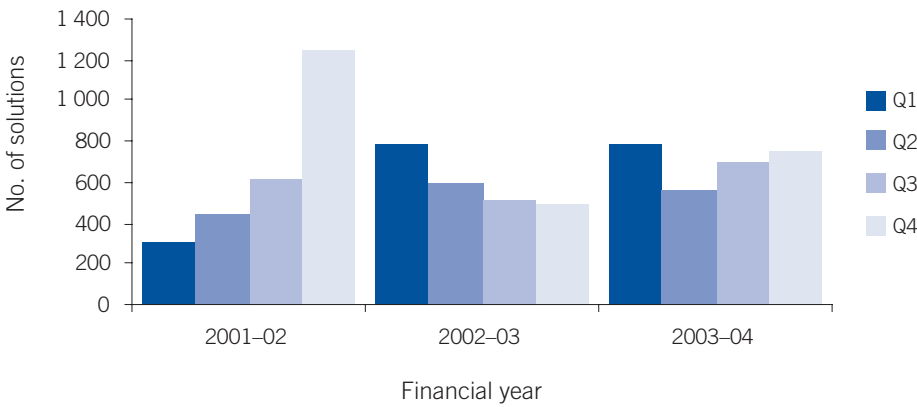
The Technical Support Service undertakes remote line testing, on-site inspections, line conditioning and minor works, and provides network-based solutions to correct Internet speed problems.

In 2003–04, 2803 technical solutions were provided by Telstra. At 30 June 2004, 8111 line problems had been corrected by the Technical Support Service since the



program's inception in 2001–02. Graph 2.12 shows the number of technical solutions provided over the life of the program. Generally, increases in the number of technical solutions provided were associated with increased program promotion.

Graph 2.12 Number of technical solutions provided by quarter (Q) in each year of the IAP



Source: IAP Quarterly performance reports.

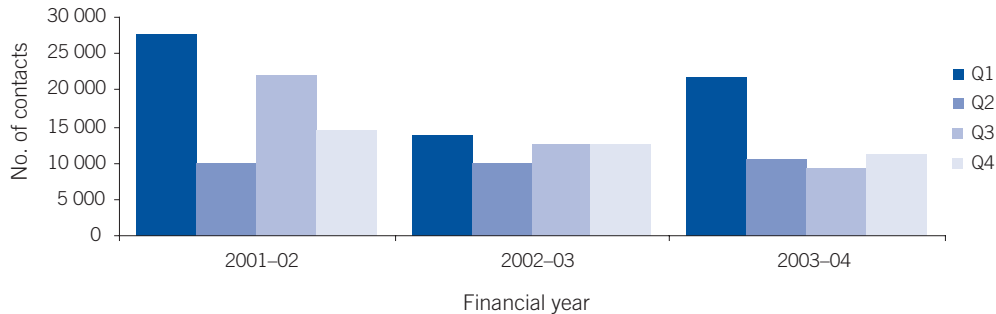
### Access to the IAP service

The IAP Online Help Service comprises a self-help website, an ISP website and freecall 1800 number. The Online Help Service provides self-help solutions and resources for users, including advice to configure correctly their computer, modem or other equipment, to assist in improving their dial-up Internet speed.

During 2003–04, there were 52 701 Online Help Service contacts. Between 1 July 2001 and 30 June 2004, the service received 173 989 contacts for assistance,

the majority of which were through the self-help website. The service has resolved 95 per cent of program contacts since inception. Graph 2.13 shows the level of utilisation of the Online Help Service in each year of program operation. Generally, increases in the number of people accessing the service have coincided with increased promotional activity.

Graph 2.13 Utilisation of the Online Help Service in each year of IAP operation by quarter (Q)



Source: IAP Quarterly performance reports.

## Telecommunications Service Inquiry response – National Communications Fund (NCF)

The NCF is a \$52.2 million program to support significant telecommunications projects in the education and health sectors in regional Australia. Funding is available over three years from 2002–03. Eight projects are being funded across all states and the Northern Territory.

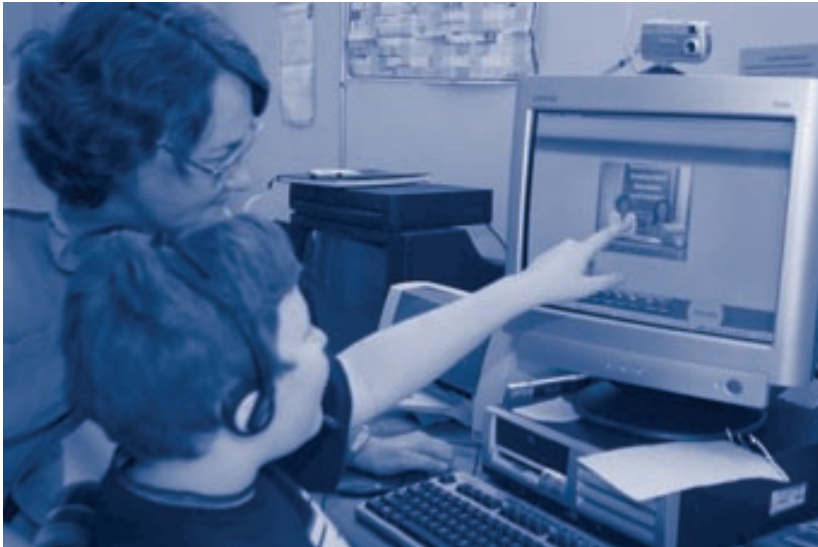
### Improved access to telecommunications

The NCF is providing high-speed bandwidth to health and educational institutions in regional areas which has flow-on benefits to local government, business and community groups. The improved access is delivering high-speed Internet for schools, specialist teachers and telehealth consultants

through videoconferencing along with access to online education and training.

### Improvements in telecommunication infrastructure

In 2003–04, six of the eight NCF projects rolled out broadband infrastructure across regional New South Wales, the Northern Territory, Tasmania, Victoria and Western Australia. More than 250 schools, many of them in remote communities, and more than 200 School of the Air students now have access to broadband communications as a result of NCF funding. Nearly 50 health facilities, such as regional hospitals and community health centres, have been connected. Eighty-nine regional towns now have new or improved broadband connections.



*Interactive Distance eLearning, one of eight projects funded under the NCF, allows School of the Air student Johnno Hoggers to attend school from his living room, 110 km from Alice Springs.*

*Photograph: courtesy of Optus.*

## Telecommunications Service Inquiry response – Consumer representation

### **Appropriate activities by consumer representatives**

Under subsection 593(1) of the *Telecommunications Act 1997*, grants may be made by the Minister to assist the representation of the interests of consumers in relation to telecommunications issues. Among other things, grants are intended to support consumer representation in the development of industry codes and standards.

The Australian Communications Industry Forum's (ACIF) Consumer Advisory Council (CAC) and Disability Advisory Board (DAB) were established by ACIF to ensure that the views of consumers, including consumers with disabilities, are appropriately represented.

Advice from ACIF indicated that, collectively, 18 members of the CAC and DAB received sitting fees under the consumer representation grants program in 2003–04 and that in total, they attended 98 per cent of committee or board meetings.

Reports provided to the Department by recipients of grants in 2003–04 indicate that funding assisted participation in 218 meetings, including meetings of the CAC and DAB and other working groups, conferences or other forums, preparation of 20 discussion papers or submissions, publication of 13 journal articles or newsletters, and the conduct of three conferences held to increase consumers' awareness of their rights and the telecommunications services available as well as obtaining consumers' views on telecommunications issues. Grants also assisted consumer representation on a number of other government and industry bodies.

## Telecommunications Service Inquiry response – telecommunications research

### Research published

Under subsection 593(2) of the *Telecommunications Act 1997* (the Act), the Minister may make grants to persons or bodies for purposes of research into the social, economic, environmental or technological implications of developments relating to telecommunications.

In 2003–04, two organisations were awarded a total of \$162 563 in grants under the Act for telecommunications research. The Australian National University (ANU) e-commerce group was funded to research the factors affecting take-up and usage of broadband services in Australian households and businesses, and Clear Advantage received funding to research the costs of alternative broadband technologies available domestically and internationally. It is anticipated that both research reports will be released to the public early in 2004–05.

## Regional Telecommunications Inquiry – Government response

The Regional Telecommunications Inquiry (RTI) was established to report on telecommunications services in the regional, rural and remote areas of Australia and arrangements that might be put in place to ensure that all Australians continue to share in the benefits of further service improvements and developments in technology. It reported on 6 November 2002.

The Government's response to the RTI included the development of the *National Broadband Strategy* which was a key recommendation of the Broadband Advisory Group (BAG) and provided the following funding and initiatives:

- \$107.8 million for the Higher Bandwidth Incentive Scheme (HiBIS);
- \$23.7 million for the Coordinated Communications Infrastructure Fund (CCIF);
- \$8.4 million for the Demand Aggregation Brokers Program (DABP);
- \$19.9 million for improved mobile phone access in regional areas;
- \$10.1 million for IT training and supporting services; and
- improved monitoring and reporting on regional telecommunications services.

### Improved access to higher bandwidth services in regional areas

HiBIS is a four-year program that aims to provide regional Australians with access to higher bandwidth services at prices comparable to those prevailing in metropolitan Australia.

The HiBIS guidelines were released on 8 April 2004 and the registration forms were released on 16 April 2004. This was several months behind the original schedule because of the extensive public consultation undertaken, including the circulation and analysis of responses of two exposure drafts of the HiBIS guidelines, as well as the complexities involved in establishing the administrative arrangements for the scheme.

Among the outputs achieved during the establishment of the HiBIS program are

the online spatial mapping facility and online HiBIS Customer Demand Register for eligible customers.

On 18 June 2004, the Minister announced the approval of the first two HiBIS providers, subject to their formal registration. Another outcome was Telstra's announcement in May 2004 that, as a result of HiBIS, it anticipates being able to reduce the trigger thresholds on the demand registers it uses to determine broadband enablement of its infrastructure in rural areas of about 40 to 60 per cent.

The CCIF aims to increase roll-out of new broadband infrastructure and services in regional areas with an emphasis on improved outcomes in health, education and government services, by awarding competitive grants. On 20 April 2004, the Minister announced seven successful projects from the first funding round to the value of \$13.880 million. This funding was more than matched by project partners as is shown in table 2.24.

Roll-out of infrastructure and services for these seven projects will occur during 2004–05 and 2005–06.

The DABP involves a network of national, state and territory and community brokers

to undertake demand aggregation initiatives resulting in the provision of new broadband infrastructure and services.

A National Broadband Adviser for the education sector was announced by the Minister on 3 March 2004.

Community-based demand aggregation broker grants are awarded via competitive funding rounds. Following the first round, 13 successful communities were advised in late May 2004 that their projects would receive funding totalling \$2.8 million. Business plans for the provision of infrastructure and services will be developed by brokers in those communities during 2004–05 and 2005–06.

### Improved access to mobile phone services in regional areas

In response to two specific findings of the RTI, the Government allocated funding of \$15.9 million for the provision of new and improved terrestrial mobile phone coverage in rural and regional Australia and funding of \$4 million for an extension of the Telecommunications Services Inquiry (TSI) Satellite Phone Subsidy Scheme. These allocations are to be expended by 2006–07.

Table 2.24 Total Government and other funding for CCIF projects

Government funding	Other funding	Total value of projects
\$13.880 million	\$25.2 million	\$39 million

## Case study

### Higher Bandwidth Incentive Scheme (HiBIS) – a case study in program development

The Higher Bandwidth Incentive Scheme (HiBIS) is an innovative Government program to provide more equitable access to higher bandwidth services in regional, rural and remote Australia. HiBIS is a key element of the Government's August 2003 response to the Regional Telecommunications Inquiry.

HiBIS has been designed to:

- maximise equity of access to higher bandwidth services for regional, rural and remote consumers, relative to metropolitan consumers;
- promote the competitive supply of higher bandwidth services in regional, rural and remote Australia on a sustainable, ongoing basis; and
- ensure public funds are used effectively, efficiently, transparently and accountably.

HiBIS covers all residences, small businesses and small organisations in regional, rural and remote Australia that do not already have affordable access, by providing for access at specified pricing points and minimum performance levels. The Scheme is open to service providers that, through the use of incentive payments, provide a service that meets minimum price and quality requirements. HiBIS providers are subject to comprehensive reporting and monitoring.

Some of the challenges for the Department in developing HiBIS are to achieve outcomes for consumers while not stifling innovation and choice, establish incentive levels that

attract provider participation but do not unduly distort market outcomes, and introduce HiBIS without disadvantaging existing providers or discouraging private investment and service roll-out.

The scheme was developed through an iterative consultation process with industry and regional stakeholders. The final program guidelines were issued on 8 April.

On 18 June 2004, the Minister for Communications, Information Technology and the Arts announced the approval of Regional Broadband Services and Broadcasting Engineering Services as the first two HiBIS providers.



*The Department congratulates Regional Broadband Services on being the first registered provider under HiBIS. Simon Bryant (left) and David Croft (right).*

In April 2004, a restricted tender process was initiated to select a carrier to provide new and improved mobile phone coverage in regional, rural and remote areas.

The tender process was still under way at 30 June 2004, and is due to be finalised in August 2004. Roll-out of the new mobile phone services is expected to be completed by November 2006.

The Satellite Phone Subsidy Scheme, discussed at page 95, was extended for a further three years following the RTI. The scheme now covers maritime and aviation users, as well as terrestrial users. Under the new arrangements, applications are open until 31 January 2007, and the maximum amount of subsidy has been increased from \$1100 to \$1500, dependent on the monthly access plan selected.

### **Improved access to IT training and support services in very remote areas**

The IT Training and Technical Support Program, with funding of \$10.1 million over four years from 2003–04, aims to make basic ICT training and technical support more accessible in the very remote parts of Australia.

The program was launched on 6 May 2004 with a closing date for applications of 15 July 2004.

### **Improved monitoring and reporting on regional telecommunications services**

As part of the Government's response to the RTI, the ACA was made responsible for implementing an integrated framework for the collection of data on telecommunications services and service performance, with a particular emphasis on more effective data collection and monitoring of service levels in regional areas and in remote Indigenous communities (RTI recommendations 5.3, 7.2 and 9.6).

During 2003–04, the Department worked closely with the ACA on the development of the framework and will continue to monitor the ACA's progress.

### **Television Black Spots and Television Black Spots – Alternative Technical Solutions**

#### **Removal of TV black spots**

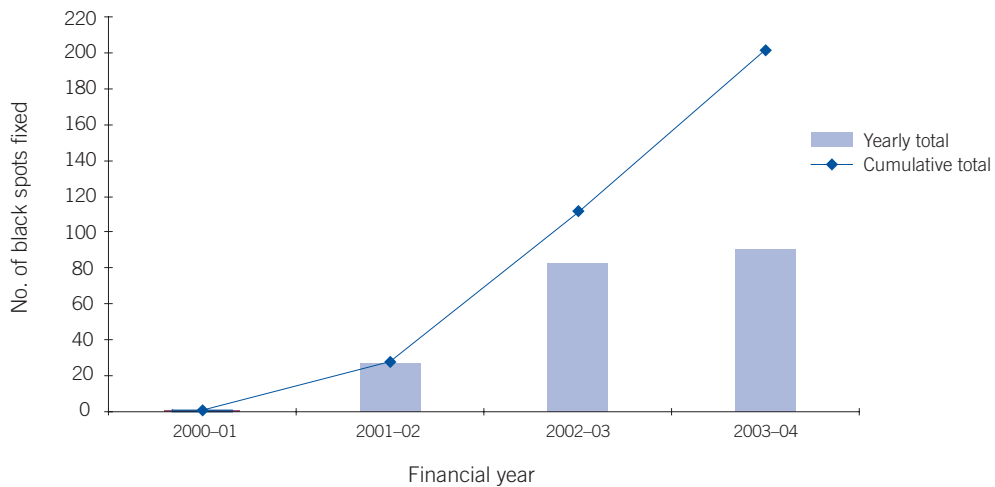
The Television Black Spots program is designed to improve access to analog television services in areas of poor television reception. The program's target is to fix between 200 and 250 black spots. The program has also funded the replacement of obsolete equipment at existing self-help retransmission sites. The Television Black Spots – Alternative Technical Solutions program seeks to provide alternative solutions, such as digital services or satellite reception. There are currently 24 candidates under the latter program.

A combined total of 48 black spot projects, totalling \$6.357 million, were funded in 2003–04 under the programs, bringing the total number of projects funded to 244. By 30 June 2004, the two Television Black Spots programs had provided solutions for 202 black spots. In 2003–04, 91 new services commenced in black spot areas compared to 83 in 2002–03.

Obsolete equipment has been replaced at 182 existing self-help retransmission sites to maintain adequate television coverage in regional and remote communities.

Graph 2.14 reflects the number of television (TV) black spots fixed on a yearly and cumulative basis for both programs.

Graph 2.14 Number of TV black spots fixed





## Case study

### Improving television reception in Healesville

The Shire of Yarra Ranges in Victoria lodged an expression of interest in October 2000 for funding for five new television services to be broadcast from Mt St Leonard to service Healesville. Like many other projects assisted by the program, the Department worked closely with the applicant and other stakeholders to work through a number of complex implementation issues. The Shire of Yarra Ranges delegated an officer who had both good technical knowledge and a strong commitment to achieve positive outcomes for his community to work with the Department.

The Mt St Leonard facility was identified as the only suitable site in the area from which broadcasting could take place. It is a very large and complex communications infrastructure site which also houses fire and emergency services, Telstra and Melbourne Water equipment. The tower is jointly owned by Telstra and Melbourne Water. The Council was required to undertake a structural design for a tower extension to obtain sufficient space above the existing Fire Watch cabin to mount the new retransmission equipment. Negotiations with Telstra and Melbourne Water to access the site and share

facilities needed to take account of the interests of all parties.

The hilly terrain of the Healesville region around the foothills of the Dandenong Ranges means that the area already had a large number of small transmission facilities servicing small communities. While initial broadcast modelling was completed by August 2001, the potential for the new Healesville service to cause interference with existing services meant that actual test transmissions were required to ensure that no interference problems would be encountered.

The Television Black Spots program provides funding assistance of up to \$150 000. Given the range of technical issues that arose in developing a solution for the Healesville community, the Shire made substantial efforts in identifying appropriate alternative solutions to ensure the total project costs remained within the funding cap.

On 19 December 2003, the service was turned on and at least 450 households in the Healesville area are now enjoying good quality television services – most for the first time.



*Launch of the self-help transmission facility.*

*Photograph: courtesy of Theo Knol, Senior Development Engineer, Shire of Yarra Ranges.*

## ABC and SBS Digital Interference Scheme

### Timely payments to ABC and SBS under the Digital Interference Scheme

The ABC and SBS Digital Interference Scheme reimburses the costs the national broadcasters incur in contributing to the *Interference Management Strategy*. The Strategy assists consumers to overcome any interference problems associated with the introduction of new digital television services. Free TV Australia administers the Strategy on behalf of all participating broadcasters, including the ABC and SBS.

The Department transfers funds to the national broadcasters when their Strategy related costs are confirmed. The Department transferred \$92 284 in 2003–04.

The average period between receipt of invoices (or relevant supporting information) and payment approval was 17 days. This was a slight decrease on the 2002–03 equivalent average of 18.6 days.

## National Transmission Network Residual Funding Pool

### Access to broadcasting services by specific target group audiences

The National Transmission Network Residual Funding Pool was created as part of the post-network sale arrangements to ensure that a number of Government commitments in relation to transmission arrangements for national, community and remote commercial broadcasters and radio for the print handicapped were met. These

commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure they are met on an ongoing basis to provide continued access to broadcasting services.

In 2003–04, there were five grants totalling \$639 580. This included additional funding of \$63 000 approved by the Minister for community broadcasters to mitigate the NTN-related site access charges they incur for three years. The merits of continuing this funding are to be reviewed before 2006–07.

## Commercial Radio Black Spots Program (CRBP)

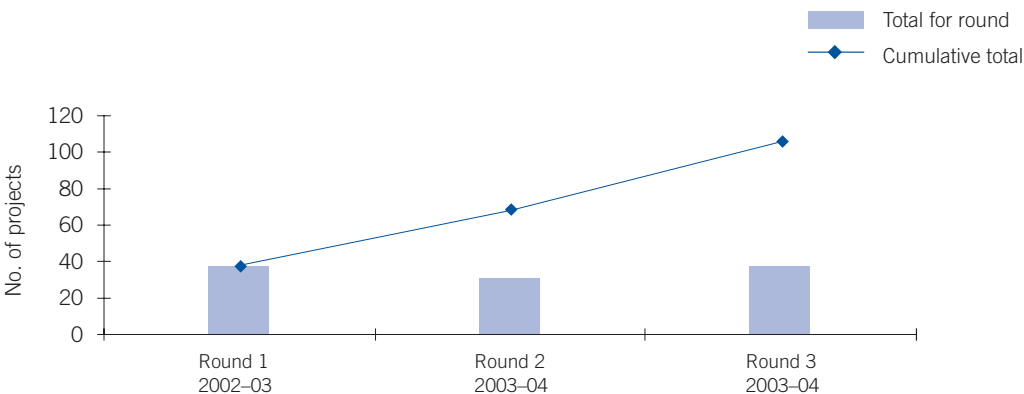
### Removal of commercial radio black spots

The \$5 million, three-year CRBP commenced in 2002–03, giving effect to a 2001 Government commitment to provide assistance to commercial radio broadcasters to establish or improve services in areas where it has not been commercially viable for them to do so.

Funding rounds totalling \$1.857 million were announced in 2003–04 for a further 69 black spot projects for 68 communities in all states and the Northern Territory. All projects are expected to be completed in 2004–05. Funding for a satellite distribution system to serve a number of the Queensland projects was also provided. By 30 June 2004, assistance totalling \$2.9 million had been approved for 108 projects (including two satellite uplinks) which will serve 104 communities.

Graph 2.15 reflects the number of projects funded under the CRBP since its inception.

Graph 2.15 Number of commercial radio black spot projects



## Regional Equalisation Plan (REP)

### Assistance to regional and remote commercial television broadcasters for digital broadcasting

The REP announced by the Government in the 2000-01 Budget provides assistance of up to \$260 million to assist regional and remote commercial broadcasters with the introduction of digital terrestrial television services. The REP meets half of each of the capital costs and eight years' operating costs of the digital transmission of existing broadcasting services, as assessed by an independent consultant.

The REP primarily comprises licence fee rebates administered by the ABA. In 2003-04, these totalled \$22.5 million. In smaller markets (with less revenue and hence lower licence fees) the licence fee rebates are supplemented by cash grants administered by the Department to enable licensees in these markets to achieve the level of annual REP assistance agreed by the Government. As scheduled, the Department paid the first of these cash grants totalling \$300 000 in 2003-04. These cash grants significantly helped the smaller markets to establish digital transmission facilities.

## NetAlert

NetAlert was established by the Government in 1999 as part of the online content co-regulatory scheme to provide Internet safety advice and undertake community education campaigns on Internet safety issues. In 2003–04, NetAlert received funding of \$822 000 through a funding agreement with the Department.

In 2003–04, NetAlert undertook a national promotion campaign which included the broadcast of television and radio community service announcements and launched a national schools project aimed at assisting teachers in all Australian schools to educate students about safe and responsible use of the Internet.

NetAlert produces its own annual report.

## ICT Centre of Excellence Program

The Department, in collaboration with the Australian Research Council (ARC), administers the funding deed for the ICT Centre of Excellence, National ICT Australia (NICTA). NICTA will receive \$124.8 million from 2001–02 to 2005–06 under the first tranche of the Backing Australia's Ability Program. The NICTA's mission is to undertake ICT research at the highest international standard and scale, conduct research training through an enhanced PhD program, facilitate the commercialisation of research, and forge mutually beneficial linkages with private sector research organisations, major corporations, SMEs and public sector agencies. Further funding of \$249.5 million will be provided for the Centre's operation from 2006–07 to 2010–11 as part of *Backing Australia's Ability – Building Our*

*Future through Science and Innovation*, the Government's second package of science and innovation initiatives announced in May 2004.

## Quantity and quality of research output

The Centre's research program commenced in 2003, based on the contributions of staff from the University of NSW and the ANU, with 11 programs. On 4 July 2003, the University of Sydney became an alliance member of NICTA. As at 31 December, after one full year of operation, NICTA had published 35 research papers in peer-reviewed journals. A further 100 papers were presented at major international conferences related to NICTA's main disciplines and published in related conference proceedings over the 2003 calendar year. During 2003–04, 38 international researchers visited NICTA to collaborate on research.

## Researchers trained

In 2002–03, 37 students were endorsed under the NICTA program and a further 30 students were endorsed in 2003–04.

## Good collaboration with external stakeholders

NICTA builds linkages with business, major research organisations and universities in Australia and overseas. It is establishing an outreach program to SMEs and has appointed two SME liaison officers. It has established collaborative research projects with the Defence Science and Technology Organisation (DSTO) and organised the first of the Annual ICT Research Forums jointly with CSIRO, DSTO and the Council of ICT CRCs in September 2003.

It has signed major collaboration agreements with Sydney and Melbourne Universities and an agreement with Queensland universities and the Queensland Government is expected in 2004–05. Collaborative research and development projects have been established with IBM and ST Microelectronics (Germany), as well as universities in New Zealand, Germany, Holland, Israel, the United Kingdom, the United States of America and Portugal, and research institutes in Germany, Japan, France and India.

### Commercialisation of research

NICTA has implemented an intellectual property (IP) management policy to handle background IP transferred from partner universities, IP created by students and visiting researchers, maintenance of an IP register and the internal and external evaluation of potentially commercially valuable IP.

As part of the implementation of this IP policy, NICTA conducted an internal review to identify existing IP with early commercial potential.

### Building on IT Strengths (BITS) – Advanced Networks Program

The Advanced Networks Program (ANP) was established in 2000–01 as part of the \$158 million BITS Program funded from the proceeds of the partial sale of Telstra. The ANP's objective is to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. The program supports the development, trialling and demonstration of advanced networks, experimental networks and testbeds.

Funding for the ANP was \$39 million over three years to support three projects, CeNTIE, GrangeNet and m.Net. The program will receive an additional \$21 million under *Backing Australia's Ability – Building our Future through Science and Innovation* to extend it to 2006–07. In 2003–04 the three project networks became fully functional and started to deliver results.

### High use of facilities

The facilities established have been used extensively in research and applications development. CeNTIE's four focus groups have been able to experiment with a range of new business systems covering telehealth, media, information brokering and telecollaboration. GrangeNet has carried hundreds of terabytes of research and education traffic across its network and has been used to provide network services to a number of national and international scientific events. Twenty-six application development companies are working with m.Net to support development and commercialisation activities using its network. It also operates a premium SMS gateway to 13 companies providing 18 SMS-only applications.

### Facilities have had positive impact on work of researchers

The three projects have facilitated a significant amount of new research activity. CeNTIE's focus groups have researched a number of complex issues. For example, the Telehealth focus group has been developing three new systems – surgical training using haptic technologies, paediatric echocardiography and the Virtual Critical Care Unit (ViCCU™). A Virtual Classroom initiative has been jointly

developed by the University of New South Wales, the University of Melbourne and the University of Western Australia.

Collaboration with Nortel Networks and the film post-production industry has led to the Extranet on Demand product which allows post-production companies to collaborate using secure, high-capacity common network facilities created for the duration of the project.

GrangeNet supports a number of Australia's research communities that depend on a high bandwidth and low latency network. Through GrangeNet, Australian researchers and scientists can now remotely access resources such as supercomputers, distributed data sets and nationally significant scientific instruments and infrastructure.

m.Net has linkages with university research and with the research arms of major corporations to conduct activities such as behaviour research, the development of mobile applications by university students, mobile Internet application development, Telstra's funding of the HealthSpring e-health application development, and m.Net's collaborative agreements with DSTO and the ABC.

### **Leveraging of non-Commonwealth external funding**

Over the three years of the ANP, the Government's initial investment of \$39 million has been supplemented by over \$75 million in cash and in-kind contributions by the consortium members of the three projects. This represents more than \$2 million in other contributions for each \$1 million of Government funding, resulting in total investment of about \$115 million.

### **Contribution to national backbone network for research and education**

CeNTIE has built gigabit-capacity Metropolitan Area Networks (MANs) in Sydney and Perth, with CeNTIE's Sydney MAN linking to the Sydney Basin Fibre Project. CeNTIE also accesses a ten gbps wavelength between Perth and Melbourne. Individual institutions are connected with one gbps tails. GrangeNet has built a ten gbps backbone network between Melbourne, Canberra, Sydney and Brisbane. As with CeNTIE, individual institutions are connected with one gbps tails.

CeNTIE and GrangeNet interconnected in June 2003, providing institutions with gigabit capacity between Perth and Brisbane. Both networks also interconnect to the Australian Research and Education Network currently being implemented to link Australian tertiary institutions. The CeNTIE/GrangeNet backbone is linked to overseas networks, opening opportunities for Australian researchers to participate in significant international projects.

The CeNTIE/GrangeNet ten gbps backbone is world-class in terms of bandwidth and reliability. GrangeNet operates to the same standards as research and education networks around the world. CeNTIE is recognised internationally as a major testbed for network research.



## Case study

### Advanced Networks deliver virtual critical care

Many smaller regional hospitals cannot provide the same level of round-the-clock availability of medical expertise found in metropolitan or major regional hospitals, even though the need to provide critical care services can arise without warning. The Centre for Networking Technologies for the Information Economy (CeNTIE) project, a CSIRO-led consortium funded by the Government's Advanced Networks Program, has developed new technology that makes long distance emergency medical care possible.

The Virtual Critical Care Unit (ViCCU™) allows a specialist located at Nepean Hospital in Penrith in Sydney's west to use a dedicated workstation that transmits high quality audio, video and vital signs data to be virtually present to direct and interact with emergency staff at Blue Mountains District Hospital in Katoomba. The specialist is an involved member of the emergency team, able to request and access information, suggest courses of action and see the results immediately.

A dedicated fibre-optic link is used to connect the two hospitals, and the ViCCU™ system is designed for ease of use and high reliability. The high quality is achieved through Digital Video over IP technology developed by CeNTIE.

The ViCCU™ allows 24-hour monitoring of a patient and greatly improves the services available to regional areas. It has a wide variety of applications including heart attacks, car accidents, and burns. A second unit has been installed in the obstetrics unit at Katoomba

Hospital so that the telepresence of an obstetrician can assist with deliveries.

Dr Patrick Cregan of Nepean Hospital said the most important innovation of the system was that the specialist can now help trauma patients directly and can more effectively communicate with remote hospital staff. Overall, Dr Cregan said he could not be happier with the pilot program: 'It has been incredibly successful. We have a queue of hospitals lining up saying "where can we buy one?"'

In May 2004 the ViCCU™ system won the Australian Information Industry Association iAIIA award for Implementation – Telecommunications. These awards recognise the best development and deployment of information and communications technology in Australia.



*A specialist at Nepean monitors a patient at Katoomba.*

*Photograph: courtesy of CeNTIE.*

## Building on IT Strengths (BITS) – Incubators

The Department administers ten funding agreements under the BITS Incubator program, which aims to improve the rate of commercialisation of ICT ideas and research and development by establishing incubators to increase the success rate of new business formation in the Australian ICT industries sector. An amount of \$78 million was provided for the program over the years 2000–01 to 2003–04. Ten incubators were funded in all states and territories except Tasmania (where a separate incubator was funded under the BITS Intelligent Island program). On 6 May 2004, the Government announced a \$36 million extension of the program until 2007–08 as part of the second package of *Backing Australia's Ability* initiatives.

## ICT start up companies assisted

In 2003–04, incubators received a total of 607 applications for incubatee support, from which 78 companies were selected for support. During 2003–04, 33 companies graduated from the program. Since the program's commencement, 4165 applications for incubatee support have been received by the incubators, 337 companies have been accepted as incubatees (179 investment, 158 non-investment), and 148 incubatees have graduated from the program.

## Stronger ICT commercialisation

In 2003–04, private co-investment in the program was about \$80.0 million bringing the total co-investment over the four years of the program to \$160.0 million. This was in addition to the \$83.9 million BITS funding for the incubators (including the Intelligent Island Incubator) over the four years to 2003–04<sup>12</sup>.

Table 2.25 Applications, acceptances and graduates from the BITS Incubators Program

	1999–00	2000–01	2001–02	2002–03	2003–04	Total
Applications	81	1445	1107	925	607	4165
Acceptances	1	61	97	100	78	337
Graduates	0	4	27	84	33	148

<sup>12</sup> Co-investment has not been audited.



### Impact of funding

BITS incubator funding has seen the establishment of ten incubators across Australia that are providing start-up business assistance and capital not previously available to ICT SMEs. This has seen accelerated growth opportunities for innovative ICT SMEs.

The BITS Incubator program underwent an independent evaluation in 2003. The evaluation found that the incubators had generally performed well by international standards and had contributed to exports, jobs and revenue growth. The report also found that most of the incubators would not be sustainable without further government support.

### Building on IT Strengths (BITS) – Intelligent Island

The Intelligent Island program was funded from the second part-sale of Telstra to assist the Tasmanian ICT sector. The program was supported to the level of \$40 million over the years 1999–2000 to 2001–02 under a Memorandum of Understanding (MOU) between the Australian and Tasmanian governments.

The funds are held in trust by the Tasmanian Government and are allocated by an independent board to a range of new initiatives to build on the existing Tasmanian ICT industry, government initiatives and the research capacity of Tasmania's education sector. A second MOU signed on 7 April 2004 extended the program to 30 June 2008. The Department and the Tasmanian Department of Economic Development oversee the implementation of the MOU.

### Reasonable number of projects funded

By 30 June 2004, the Intelligent Island program had funded the following:

- ICT incubator, In-tellinc, expended \$7.4 million on 18 start-up companies;
- \$4.2 million in enterprise development grants was awarded for 16 projects and a \$3 million commercialisation fund was established;
- 13 skills development projects amounting to \$2.2 million were supported;
- a \$600 000 investment attraction initiative leveraged a \$4.9 million business investment and 20 new jobs over three years;
- a \$300 000 telecommunications study was completed;
- nine marketing initiatives, costing \$30 000; and
- a \$20 million Centre of Excellence expected to commence in late 2004.

### Impact of funding

The initial impacts of Intelligent Island funding have been in skills development, industry consolidation and marketing. Notable successes have been in the development of e-learning, e-health and marine ICT clusters. Such clusters have created the scale necessary for Tasmania's small ICT companies to engage in major projects under the enterprise development initiative and, downstream, to develop new products from potential research outcomes from the planned Centre of Excellence.

## Commonwealth Technology Port (Comtechport)

In September 1998, the Government announced a \$22.5 million Federation Fund grant, administered by the Department, as 'seed capital' for the Commonwealth Technology Port (Comtechport) premises at the 4.4 hectare Technology Park Precinct of the Melbourne Docklands. Comtechport will be a business precinct housing high-technology companies, a business incubator and education and research institutions.

### Comtechport is progressing according to plan

The grant deed with the Docklands Authority, on behalf of the Victorian Government, was signed in May 2000. In December 2000, Digital Harbour Holdings Pty Ltd (DHH) was appointed as the project developer. An initial \$7.3 million was spent on site remediation and infrastructure, but building was slow to start due to adverse market conditions.

Construction commenced in March 2003 and all funds have been transferred to the Victorian Government's Docklands Authority under the deed that expired on 30 June 2003. The first phase of Comtechport, the 5800 square metre Innovation Building, was completed in June 2004. An amount of \$5.3 million has been placed in a trust administered by the Victorian Government, to be released in two stages to the developer, subject to performance targets on building construction, by 30 June 2007.

## Compensation to Société Internationale de Telecommunications Aeronautiques (SITA)

### SITA activities in Australia

SITA is a not-for-profit international cooperative organisation that provides a range of telecommunications and information processing services to the air transport industry and government.



*The launch of Digital Harbour's Innovation Building, the first stage of the Commonwealth Technology Port precinct in the Docklands, Melbourne. Left to right: Group Managing Director, Telstra Technology, Innovation and Products, Ted Pretty; Prime Minister, the Hon John Howard; and Chairman of precinct developer, Digital Harbour Holdings, Leon Kempler OAM.*

*Photographer: Sam D'Agostino.*

The Department provided support for continued investment by SITA in Australia, particularly through the location of its regional headquarters in Australia. Over the period 1998–99 to 2003–04, a total of \$9.389 million was spent on the program, which has now concluded.

The SITA regional headquarters was maintained in Australia during the period of funding support with average annual employment of 189 staff.

## International organisations contributions

### Appropriate issues raised at ITU and APT meetings

The International Telecommunication Union (ITU) is the specialised agency of the United Nations (UN), responsible for the regulation, standardisation and development of telecommunications worldwide, including international management of the radiofrequency spectrum and satellite orbits. Australia, through the Department, contributed a total of \$5.173 million to the ITU in 2003–04.

Within the Telecommunication Standardization Sector of the ITU, Study Group 3 (SG3) has been investigating the charging arrangements for international Internet connection, which have been claimed to disadvantage smaller networks and developing countries and, specifically, to disadvantage Australian industry. The Department has played an active role in SG3, helping to bring together widely divergent viewpoints and develop acceptable guidelines. In June 2004, agreement was reached on introducing guidelines for international Internet connection which will result in

greater flexibility in negotiations for such agreements. This will bring benefits to the Australian Internet industry and consumers.

In June 2004, the Department, on behalf of the Government, provided \$670 555 to the ITU to assist the Government of East Timor to establish an operational structure for a communications regulatory authority. Among the major outputs will be a Telecommunications Act, a Radiocommunications Act and a Broadcasting Act. The ITU will also assist in the elaboration of the national frequency plan, national radio regulation, and a guide for spectrum monitoring.

The Asia–Pacific Telecommunity (APT) is a regional communications development and cooperation organisation established by treaty. Australia, through the Department, paid \$346 732 to the APT in 2003–04. In representing Australia in this forum, the Department aims to promote adoption of policies and regulatory approaches that enhance the development of open and competitive telecommunications markets and the spread of online services within those markets. The Department has been actively involved in developing and supporting capacity-building projects, which aim to improve access and security in the region through good governance of the communications sector, with particular attention to the provision of affordable telecommunications services.

## Outputs

### Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services

#### High quality program funding and grant administration

Broadly speaking, there are four types of programs administered by the Department under Output 3.1. These are contracts, multiple funding recipient programs, single funding recipient programs, and hybrid/subsidy programs. The nature of the monitoring and administration undertaken by the Department varies according to the category of program. More information on these programs is provided under Administered items.

#### National Relay Service (NRS) contract

The Department consults the Australian Communications Authority (ACA) in the administration of the contract. Australian Communication Exchange provided the NRS during 2003–04. Following a substantial renegotiation of the contract, Australian Communication Exchange will continue as the NRS provider until 30 June 2006.

#### Mobile Phone Coverage contracts

The Department administers three major contracts that provide financial support for enhancing or upgrading mobile phone infrastructure in regional Australia. These contracts are the result of tender processes undertaken by the Department in previous reporting periods. Telstra was the successful tenderer for all three contracts.

In 2003–04, the Department met monthly with Telstra to assess progress against milestones in the contracts. The Department also assessed requests from Telstra to vary sites for the mobile phone infrastructure, judged the adequacy of the service delivered relative to the contracts' requirements, and made payments as contractual milestones were achieved. The final milestone was not achieved as required under the contract and the Department worked with Telstra to resolve the practical and budgetary issues that resulted.

#### Untimed Local Calls contract

The Department also administered the contract with Telstra in relation to the upgrade of infrastructure in the extended zones to ensure untimed local calls were possible within each such zone. The administrative tasks undertaken with respect to this contract were very similar to those with the mobile phone contracts. In addition, the verification processes were supported by independent experts and the ACA. All the obligations under the contract were successfully concluded in the reporting period and the Department made the final payment to Telstra.

Table 2.26 Section 593 consumer and research grants

	2002–03			2003–04		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Consumer grants	26	14	14	19	24	24
Research grants	28	0	0	0	2	2

### Consumer representation and research grants

The fall in the number of applications from 26 to 19 shown in table 2.26 was partly due to the fact that, in 2003–04, consumer bodies were not required to apply formally through the program to be eligible to be paid sitting fees to attend meetings of Australian Communications Industry Forum (ACIF) committees. Grants were not made in 2002–03 for telecommunications research and the available funding was combined with the 2003–04 allocation to fund two research projects in 2003–04.

Milestones for consumer representation grants included attendance by grant recipients at meetings of the ACIF committees, participation in other relevant forums and publication of journals. These milestones were considered to be met only where substantiation was provided, such as a progress report from the recipient.

Consumer grants acquitted in 2003–04 relate to grants allocated in 2002–03. For telecommunications research grants, one of the two grants made in 2003–04 was acquitted in that year.

### Coordinated Communications Infrastructure Fund (CCIF) and Demand Aggregation Brokers Program (DABP)

The CCIF and DABP commenced in 2003–04. Under the first CCIF funding round, seven projects (totalling \$13.880 million) were selected for funding. One project commenced in 2003–04 and six were still in negotiation at the end of the reporting period. Delays in negotiating funding agreements necessitated re-phasing some program funds to the 2004–05 year.

Under the first round of the community-based brokers component of the DABP, 13 projects (totalling \$2.8 million) were selected for funding. No grants were

Table 2.27 Section 593 consumer grants – 2003–04 milestones met and grants acquitted

	Milestones met		Grants acquitted	
	%	no.	%	no.
Consumer grants	96	105	100	14
Research grants	100	10	50	1

Table 2.28 CCIF/DABF grants 2003–04

	Applications processed	Funded projects	Grants administered
Coordinated Communications Infrastructure Fund	153	7	1
Demand Aggregation Brokers Program (community brokers)	50	13	0

Table 2.29 CCIF/DABF 2003–04 milestones met and grants acquitted

	Milestones met	
	%	no.
Coordinated Communications Infrastructure Fund	100	1
Demand Aggregation Brokers Program	100	1

administered during 2003–04, but most projects are expected to commence early in 2004–05. Grants were administered for the South Australian and Western Australian state brokers and the Education National Broadband Adviser. Again, delays in negotiating funding agreements necessitated re-phasing some program funds to the 2004–05 year.

### Networking the Nation (NTN)

The NTN program largely concluded on 30 June 2004 (only a small number of projects which are receiving funds from the more recent Social Bonus BARN and Local Government Fund programs are continuing, 43 in total). The administration, therefore, focused heavily on assessing final reports from individual projects and ensuring proper acquittal of the funding received. At 1 July 2003, 390 projects had been acquitted and, by 30 June 2004, this had risen to 575 projects. Hence, a total of 185 funding agreements were acquitted in 2003–04.

### National Communications Fund (NCF)

The NCF projects are at an early stage of implementation with progress against the milestones in the eight funding agreements being monitored.

### Launceston Broadband Project (LBP) and Business Development Fund (BDF)

The LBP funding deed was renegotiated during 2003–04 to extend the project in scope and time to June 2006. Lower than expected demand for the program resulted in Telstra under-spending on the project and no payments were made to it in 2003–04. One acquittal was received in 2003–04 with the second expected in early 2004–05.

No payments were made in 2003–04 to the Tasmanian Electronic Commerce Centre (TECC) under the BDF funding deed, due to lower than scheduled spending by TECC in previous years. TECC nevertheless continued to administer the BDF in compliance with the funding deed.

To fulfil the Government's commitment to the BDF, \$1 million was carried over to 2004–05 and 2005–06. The Department began negotiations with TECC at the end of 2003–04 for a variation to the deed to reflect this funding extension. TECC is required to acquit funds biannually. Both acquittals for the 2003–04 reporting period were received.

**Internet Assistance Program (IAP)**

The final year of funding of this program was 2003–04 (a carrier licence condition requiring Telstra to provide the IAP replaces the three-year funding program and guarantees the benefits of the IAP into the future). Confirmation of the number of 2003–04 milestones met was not obtained by the end of 2003–04. As a result, final milestone payments totalling \$2.35 million were held over until 2004–05. Three of the four 2003–04 acquittals were received during the reporting period with the final acquittal expected in early 2004–05.

**Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) and the Higher Bandwidth Incentive Scheme (HiBIS)**

Expenditure of administered funds on both the HiBIS and TAPRIC programs was well below budget allocation. In the case of HiBIS, the complexity of developing the administrative elements of the program and delays in receiving expert advice on key program components meant that full implementation of the program and commencement of funds expenditure did not take place during 2003–04. In the case of TAPRIC, the delay by industry to take up the offer of Government funding under the Community Phones program limited the expenditure of funds during the year. The Department is seeking to re-phase funds into the 2004–05 financial year. It is expected that re-phased funds will be fully expended in this period.

**Satellite Phone Subsidy Scheme**

Under this scheme the Department must assess whether applicants meet the relevant eligibility criteria and, if so, calculate the appropriate subsidy and process payments to registered handset providers. These tasks were undertaken efficiently, and all timeframes were met.

Table 2.30 HiBIS/TAPRIC grants 2003–04

	Applications processed	Funded projects	Grants administered
Higher Bandwidth Incentive Scheme	2 (ISP applications)	0	0
Telecommunications Action Plan for Remote Indigenous Communities (Internet computer package)	158	149	149



## High-quality and timely policy advice and Ministerial services

The Department provided significant direct support to the Minister on telecommunications and postal services.

Timeliness figures are quite low in some instances. This is due to the complexities involved in developing responses and the need to consult with portfolio agencies and government business enterprises. The Department will be monitoring response times more actively in future in order to address this timeliness issue and is upgrading its processes to assist that monitoring.

This is the first year that performance information has been collected in this way and trends will be available from 2004–05.

Key communications issues raised in Ministerial correspondence during the reporting period included the availability of broadband services and a range of consumer issues such as Internet dumping, unexpected high bills, customer service from call centres, service quality,

and Telstra's line rental increases. Other common issues were Telstra shareholder issues, management and employment issues, the location of mobile phone towers and related facilities, and the quality of postal services.

The Department also provided a significant number of Ministerial briefings on a range of policy issues and market developments.

The Department provided advice to the Minister on the sale of the remaining Government shareholding in Telstra. The privatisation legislation twice failed to pass the Senate during 2003–04.

The Department briefed the Minister on improving the availability of broadband across a range of technologies and environments. Briefings were also provided on implementation of the 2002 competition reforms such as the accounting separation regime to achieve greater transparency in Telstra's wholesale and retail pricing, and on consumer contract issues.

Table 2.31 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframe (%)
Ministerial correspondence	1796	39
Briefings		
- initiated by the Department	296	not applicable
- meeting briefs	79	63
Question time briefs	313	74
Parliamentary Questions on Notice	82	22

Note: The figures in this table include some figures relating to Output 3.3 due to organisational arrangements within the Department. These figures cannot be disaggregated.



In terms of international telecommunications, the Department provided advice to the Minister on work within the ITU to achieve a consensus on international Internet charging arrangements, a joint statement on cooperation in the fields of telecommunications and information technology with Thailand, and change in the management of contributions to the ITU and APT to support projects in the Asia-Pacific.

Advice was also provided on trade issues, including multi-lateral negotiations at the World Trade Organisation (WTO) with the aim of achieving more liberal trade commitments, and bi-lateral negotiations for the AUSFTA and the Australia–Thailand Free Trade Agreement. The Department provided briefings to the Minister on policy issues relating to the Asia Pacific Economic Cooperation (APEC) which included matters at the intersection of APEC and the AUSFTA. These issues have included digital economy, e-commerce, and cultural products in a trade context. Australia has taken a leading role in the active and successful APEC Telecommunications Working Group, chairing several groups and initiating a number of programs.

During the year, the Department represented Australia at two meetings of the Organisation for Economic Cooperation and Development (OECD) Working Party on Telecommunications and Information Services Policies. The sharing of information and discussion of papers at these meetings provided an important input into advice to the Minister on a range of telecommunications competition issues.

## Effective client service and consultation

The Department engaged in ongoing consultation with stakeholders on a range of telecommunications policy and programs in 2003–04. It responded to queries from individual members of the public on the availability of telecommunications services and existing telecommunications regulation and programs.

According to the Department's client survey, overall satisfaction with the Department from within the telecommunications sector was high, with 91 per cent of 54 respondents surveyed rating service as satisfactory or better. This result is slightly lower than other clients of the Department and may be explained by the wide range of views and interests represented within the sector. Within the telecommunications sector, 82 per cent of clients expressed satisfaction that the Department was contributing appropriately to the objective of competitively priced and reasonably accessible telecommunications services.

The Department's clients expressed a high level of satisfaction with consultation in the context of policy and legislation development, particularly from those likely to be affected by changes (92 per cent satisfied). Clients were less satisfied with the timeliness of consultation, with only 87 per cent of clients rating the Department as satisfactory or better.

The Department consulted with 300 stakeholders from industry, regional communities and different tiers of government in the context of the Radio Communications Forum in September 2003. This forum included

presentations on major government programs and strategies, discussion on key issues, and updates on latest technology and industry developments. As noted in the case study at page 103, the Department also engaged in extensive consultation with regional stakeholders and industry representatives in developing guidelines for the HiBIS scheme.

### Compliance with accountability standards

The Australian National Audit Office (ANAO) Audit Report No. 24, *Agency Management of Special Accounts*, found that the National Relay Service Special Account had reported negative balances in 2002–03 because payments had been made out of the Account immediately before carrier NRS levy payments had been transferred from the ACA to the Department. Systems and procedures were put in place during the year to address this situation.

ANAO Report No. 12, *The Administration of Telecommunications Grants*, was tabled in the Parliament on 5 November 2003. The Report examined the administration of telecommunications programs, primarily Networking the Nation (NTN). The audit confirmed that most aspects of the Department's administration of the NTN Program were consistent with better practice. A small number of areas where the Department's performance could have been better were also identified. The Department agreed to implement the ANAO's recommendations.

All audits in which the Department participated are listed in section 3.

The Department renegotiated a number of contracts during the year and on two occasions took the opportunity to introduce specific measures to enhance accountability, including:

- improved reporting and contract management mechanisms in the National Relay Service contract; and
- rigorous payment milestones and reporting requirements in the Launceston Broadband Project contract that are more closely aligned to each of the activities funded.

### Research and analysis activities contribute to policy development

In-house and commissioned research, through the Department's Research, Statistics and Technology Unit (RSTU), focused on monitoring trends in the availability and take-up of communications services and their costs and prices. Models of the telecommunications market and of broadband roll-out costs were refined and updated. A major new database acquisition enabled detailed analysis to be undertaken on the socioeconomic and demographic characteristics of households respectively taking up and missing out on new services, particularly in regional areas. Research also assisted in identifying and evaluating policy and program options, base-lining and benchmarking programs and identifying information gaps. Some of these were subsequently addressed in research funded under the s593 research grants.

The Department cooperated with other agencies, including the Australian Bureau of Statistics (ABS), the OECD and the ITU, to develop and improve statistical and other indicators for the post and telecommunications sectors, and to

improve the evidence base available to policy and program analysts.

The Department also commissioned a number of significant consultancy projects during the reporting period that will inform future policy development. Consultancies examined issues such as the:

- international market for Internet connection and its impact on Australia;
- costs associated with alternative technology broadband roll-outs (such as xDSL, Hybrid Fibre Coaxial, powerline communications, Fibre to the Home, wireless and satellite);
- current supply of high bandwidth transmission links operated by both dedicated and non-dedicated telecommunications operators in Australia;
- state of powerline communication technologies, their limitations and applicability to deliver broadband services over Australian electricity distribution networks; and
- demand drivers for broadband take-up by households and businesses.

### Targets for processing times met

The Department complied with the timeframes in its telecommunications grant deeds for making payments. Once progress reports were approved and satisfactory progress against all requirements of the funding agreement had been demonstrated, including a satisfactory financial acquittal, all associated payments were made.

In 2003, the Department established a target of seven days for paying the NRS provider the NRS levy once levy funds were

received from the ACA. The Department has consistently met this target during the financial year and this has contributed to a more efficient and streamlined process for the payment of the quarterly NRS levy.

In relation to the 2004–05 consumer grants program:

- advertising of applications was planned for March 2003 and applications were invited in April 2003; and
- the target date for recommendations on the outcome of the funding round was May 2004 and recommendations were made in June 2004.

### Highly effective budget management

As identified in the resources for outcome table on page 76, the overall price of Output 3.1 was \$763 000 above budget, predominantly due to unbudgeted functions transferred from the former NOIE on 8 April 2004.

Some Output 3.1 administered funding programs were underspent in 2003–04 as funding recipients did not trigger milestone payments. In most cases, this was due to external factors beyond the control of the Department and the funding recipient. This slippage will be rectified in the coming financial year.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.

## Output 3.2 Policy advice and program management which promote accessible high quality broadcasting services

### High-quality program funding and grant administration

#### Television Black Spots Program (TVBSP) and Television Black Spots–Alternative Technical Solutions Program (ATS)

There were fewer applications processed for the TVBSP this year because the program is nearing the end of its life and is due to cease at 30 June 2005.

The ATS had two grants administered during the year.

As shown in table 2.33, required milestones in 2003–04 were met for all new services projects, but six of the 27 milestones for the replacement of obsolete equipment projects were not achieved. The Department works

actively with the coordinating bodies to encourage them to meet milestones and acquit projects, but delays are sometimes difficult to avoid, particularly where the projects are in isolated regions.

#### Commercial Radio Black Spots Program (CRBP)

An invitation was extended to broadcasters in July 2003 to nominate additional communities for consideration under the program. The majority of the 275 nominated proposals received and assessed in 2003–04 were judged to be of low priority and not supported.

The program is due to end on 30 June 2005.

Table 2.32 TVBSP/ATS grants 2003–04

	Applications processed	Funded projects	Grants administered
TVBSP new services	46	46	187
TVBSP replacement of obsolete equipment	0	0	56
ATS	2	2	2

Table 2.33 TVBSP/ATS 2003–04 milestones met and grants acquitted

	Milestones met		Grants acquitted	
	%	no.	%	no.
TVBSP new services	100	96	92	77
TVBSP replacement of obsolete equipment	77	21	95	53
ATS	100	1	n/a	n/a

Table 2.34 CRBP grants

	2002–03			2003–04		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Commercial Radio Black Spots Program	185	38	38	275	70	108

The program commenced in 2002–03 with 38 projects approved. No milestones fell due in 2002–03 and no projects were required to be completed in that period.

Table 2.35 shows that ten per cent of milestones were not met in 2003–04. The Department continues to work actively with recipients to encourage them to meet milestones and acquit projects but, as with the TVBSP, there can be delays particularly where the projects are in more remote areas. One project approved in 2002–03 was cancelled by the broadcaster in 2003–04.

#### ABC and SBS Digital Interference Scheme

In 2003–04, the Department transferred funds from the Scheme to the ABC and SBS following receipt of six invoices validating the costs the national broadcasters had incurred in relation to the *Interference Management Strategy* and some related GST information. The average period for processing these invoices and payments in 2003–04 was 17 days, a

slight decrease from the 18.6 days taken in 2002–03. All invoices or payment requests received by the Department in 2003–04 were approved by 30 June 2004.

#### National Transmission Network Residual Funding Pool

Five grants were provided for community and remote commercial broadcasters and Radio for the Print Handicapped.

No application is required as the grants reflect arrangements agreed at the time of the sale.

Funding milestones that were late were met on average within 14 days of their due date in 2002–03 and within 26 days of their due date in 2003–04. The slippage in the achievement of milestones in 2003–04 was primarily due to delays resulting from the provision by funding recipients of partially complete activity reports which needed to be followed up by the Department. All outstanding grant acquittals were provided in both years.

Table 2.35 CRBP 2003–04 milestones met and grants acquitted

	Milestones met		Grants acquitted	
	%	no.	%	no.
Commercial Radio Black Spots Program	90	29	90	28

Table 2.36 Pool grants – milestones met and grants acquitted

	2002–03				2003–04			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	no.	%	no.	%	no.	%	no.
National Transmission Network Residual Funding Pool	33	3	100	8	17	2	100	5

### Community Broadcasting

Community Broadcasting is not an application-based program. Funding of \$5.4 million for community broadcasting was provided in 2003–04 through the Community Broadcasting Foundation (CBF) which is the independent, non-profit funding agency for the sector. As shown in table 2.37, two projects were funded to assist community stations and broadcasters across Australia to produce media by and for their communities.

In 2003–04 there were ten milestones, seven of which met the target date and a further three met the target date within two days. In 2002–03, there were three community broadcasting milestones, and while no milestones were met, they were met within five days of the target date.

Table 2.37 Community Broadcasting grants

	2002–03			2003–04		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Community Broadcasting	N/A	2	2	N/A	2	2

Table 2.38 Community Broadcasting – milestones met and grants acquitted

	2002–03				2003–04			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	no.	%	no.	%	no.	%	no.
Community Broadcasting	0	0	100	1	70	7	100	1

**Regional Equalisation Plan (REP)**

The Department paid the first grants, totalling \$300 000 in 2003–04, as scheduled. These grants in smaller markets supplement the larger licence fee rebates administered by the ABA which totalled \$22.5 million in 2003–04.

**High quality and timely policy advice and Ministerial services**

While the Department strives to provide correspondence and briefings within agreed timeframes, fluctuations in the volume of correspondence and briefing requests coupled with tight deadlines, particularly during parliamentary sitting periods, often makes this difficult. The Department is also dependent, in many cases, on receiving comment or input from portfolio agencies before briefings or answers to Parliamentary Questions on Notice can be finalised.

This is the first year that performance information has been collected in this way and trends will be available from 2004–05.

The majority of correspondence received by the Minister on broadcasting issues

related to the programming decisions, funding and independence of the national broadcasters and matters regarding the programming of commercial television broadcasters, including captioning and sports coverage.

In addition to the matters discussed under the performance indicator for Outcome 3, the Department provided advice to Ministers on a wide range of policy, program and operational matters.

Ongoing advice was provided on issues relating to the accountability and governance of the national broadcasters, the ABC and the SBS. The Department facilitated the expansion of digital television services by the national broadcasters by processing digital implementation plans associated with the roll-out of 35 ABC services and 27 SBS services, and by providing advice on proposed new digital television transmission and distribution contracts for SBS.

The Department provided advice on possible options for the future of the anti-siphoning scheme. A new instrument was made by the Minister

Table 2.39 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframes (%)
Ministerial correspondence	1 940	56
Briefings		
- initiated by the Department	251	not applicable
- meeting briefs	98	83
Question time briefs	205	57
Parliamentary Questions on Notice	64	27

on 11 June 2004 which extended the operation of the anti-siphoning scheme to protect a revised list of sporting events occurring between 1 January 2006 and 31 December 2010. The Minister introduced the Broadcasting Services Amendment (Anti-siphoning) Bill 2004 into the Parliament on 24 June 2004. The Bill extends the automatic de-listing period for events from six to 12 weeks before their commencement.

A program of statutory reviews into the digital television regulatory framework was commenced by the Department with the release of consultation papers for two reviews in May 2004.

The Department coordinated the development of advice for consideration by the Government on a number of other issues including:

- a proposal to merge the ACA and the ABA. The Government's decision to merge the authorities to form the Australian Communications and Media Authority was announced in the 2004–05 Budget;
- a model to enable the commercial television broadcasters in the remote Western Australia licence area to convert to digital. Discussions also commenced with broadcasters in the Central and Eastern Australia remote market; and
- a range of radiocommunications matters, including legislative changes needed to implement recent reviews of the radiocommunications regulatory framework.

### Effective client service and consultation

The Department receives numerous public queries about aspects of the broadcasting regulatory regime, ways to redress poor television and radio reception, digital broadcasting technology, products and services. The Department's annual client survey revealed that 98 per cent of the 90 broadcasting clients surveyed are satisfied with the services provided.

The Department is also responsible for the administration of a number of grant programs which require a high level of client focus and cooperation to ensure that these programs in the broadcasting sector achieve their objectives. Initial findings of an evaluation of the Television Black Spots program commenced by Research, Statistics and Technology Unit (RSTU) reveal a high level of responsiveness to applicants by the TV Fund Unit staff. The highly facilitative approach to project application and management by the TV Fund Unit was important, as most applicants had no expertise or experience in television broadcasting technology.

The Department has conducted a number of consultative exercises during the year to assist with the analysis of various sectoral policy issues. These consultative processes took various forms including seeking comment on discussion papers, liaising with key stakeholders and hosting public meetings or forums. Calls for submissions in response to information or discussion papers were publicised widely including through advertising in print media, direct invitations to key stakeholders, media releases and provision of information on the Department's website. The following highlight the different consultation processes.



The Digital Radio Study Group was established to develop a fact base for the Government on international experience and developments in digital radio. Given the wide-ranging interest in digital radio, it was considered important to provide the opportunity for open discussion and accordingly a Digital Radio Consultative Forum was held in Sydney in September 2003. The two information papers on digital radio were released before the forum to facilitate discussion with the radio industry and other interested parties. The forum featured presentations by the Study Group members and representatives of 12 industry stakeholder groups, and was attended by around 100 participants. The forum process was also supplemented by meetings with some of the major stakeholders.

On 10 May 2004, a discussion paper was released in conjunction with the review of the viability of creating an Indigenous television broadcasting service. Public consultation meetings were held before 30 June 2004 in Alice Springs, Cairns, Townsville, Brisbane, Broome and Sydney at which departmental officers discussed the review and listened to ideas and concerns raised. Further consultations are scheduled for 2004–05. The time and place of these consultations was advertised in newspapers such as the *Koori Mail* and the *National Indigenous Times* and capital city and regional newspapers, as well as on local Indigenous community radio stations and community TV stations.

### Compliance with accountability standards

ANAO Audit Report No. 24, *Agency Management of Special Accounts* referred to a transfer of \$500 000 from the Television Fund Special Account to departmental funds in 2001. The payment was to meet the costs of ABA consultants undertaking spectrum planning for black spots and should have been paid directly to the ABA from the special account, rather than by reimbursing departmental funds paid for that purpose. Arrangements are now in place to ensure future payments are made directly from the special account. All audits in which the Department participated are listed in Section 3.

During the year, the first funding approvals under the Television Black Spots – Alternative Technical Solutions Program took place. New model funding agreements were developed to reflect the different projects supported under the program.

The RSTU commenced an evaluation of the Television Black Spots Program. The initial findings reveal that key stages in designing the program met better practice standards including the identification of needs, consideration of the technical options in a scoping study and consultation with key stakeholders. Frequent contact is maintained with all grant recipients to ensure reporting and other accountability requirements are met.

During 2003–04, new measures were introduced to improve accountability standards in the Community Broadcasting Program and in the administration of funds from the National Transmission Network Residual Funding Pool. In particular,

structured evaluations of activity reports were introduced to assist in monitoring and evaluating the performance of funding recipients.

### Research and analysis activities contribute to policy development

Internal research activities benefit from subscriptions to relevant printed and online journals and from participation in industry forums which build a strong understanding of domestic and international developments. For example, the Department's representation on the Electromagnetic Energy Reference Group, the International Radio Communications Advisory Committee and the Australian Government Space Forum, assists in ensuring that it is well-placed to develop policy advice on radiocommunications issues.

Where appropriate, expert consultants are engaged to undertake specialised

research projects. During the year, these included the provision of advice on the costs associated with implementing an Indigenous digital television broadcasting service, and on the economic impacts of allowing free-to-air television broadcasters to offer additional services such as multichannels.

In both 2002–03 and 2003–04, the Department provided the Community Broadcasting Foundation with funding for multi-year national audience research projects to produce the first comprehensive picture of community radio and television audiences in Australia. The Department's RSTU provided technical advice in relation to these projects. The results will assist the sector to determine future audience needs and the Department and the Government to formulate, implement and evaluate community broadcasting policy.



*Members of the Research, Statistics and Technology Unit. Left to right: George Chan, Nilofer Mannan, Andrew Scarvell, Christina Holden and Cara Stafford.*

### Targets for processing times met

In accordance with funding agreements, grant payments are to be made within 30 days of signing an agreement, or within 30 days of progress reports being accepted by the Department.

During 2003–04, 183 payments were processed, and on average these payments were made within 15 days. Processing times ranged from two to 43 days, with 15 payments (8.2 per cent) not being made within the 30-day timeframe nominated in the funding agreements.

### Highly effective budget management

As identified in the resources for outcome table on page 76, the overall price of Output 3.2 was \$394 000 below budget. The major underspent item was consultancies relating to statutory reviews under the *Broadcasting Services Act 1992* that were postponed to 2004–05 to accommodate policy approval processes.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.

## Output 3.3 Policy advice and program management that assist the development of the Information and Communications Technology Industry

### High quality program funding and grant administration

The Department administered a range of ICT programs in an efficient and accountable manner. Effective administration was based on ongoing monitoring and reporting, appropriate evaluation, alignment with Government policy objectives and coordination across programs to ensure whole-of-government outcomes. As none of these programs commenced in 2003–04, the focus of activity was on grants administration rather than processing new applications or the development of new funding agreements.

There is one grant agreement for each of the ICT Centre of Excellence, the Intelligent Island Program, Commonwealth Technology Port (Comtechport) and Société Internationale de Telecommunications

Aeronautiques (SITA). All these programs achieved their required milestones. All monies under the Intelligent Island and Comtechport programs had been paid to the Tasmanian and Victorian Governments respectively by June 2003, but the projects are continuing to be monitored by the Department.

Under the BITS Incubators program ten funding deeds were administered in 2003–04. These were multi-year deeds originally signed in 1999–00. In 2003–04, 43 milestones were met, representing 91 per cent of the originally agreed milestones. Under the BITS Advanced Networks Program (ANP) three funding deeds were administered. In 2003–04, 32 of the 36 milestones contained in these deeds were met.

Table 2.40 Administered expenditure 2003–04

Program	Expenditure \$m
ICT Centre of Excellence	11.300
BITS Advanced Networks Program	6.580
BITS Incubators	11.582
BITS Intelligent Island	0*
Commonwealth Technology Port	0**
SITA	0.281

\* Funding concluded 2001–02.

\*\* Funding concluded 2002–03.

### High quality and timely policy advice and Ministerial services

The Department provided significant direct support to the Minister on ICT related matters.

Timeliness figures are quite low in some instances due to the complexities involved in developing responses and the need to consult with portfolio agencies and government business enterprises. The Department will be monitoring response times more actively in future in order to address this timeliness issue and is upgrading its processes to assist that monitoring.

This is the first year that performance information has been collected in this way and trends will be available from 2004–05.

The key issues raised through Ministerial correspondence included program implementation matters and general ICT industry development policy and assistance.

The Department supported a large number of meetings between the Minister and stakeholders, and provided advice on a range of policy issues. In 2003–04 these issues included:

- negotiation of the Government procurement chapter of the AUSFTA, particularly as it pertained to ICT SME access to the United States market;
- development of ICT initiatives as part of the *Backing Australia's Ability* innovation package;
- advice on areas of industry concern such as skills demand/supply and employment; and
- background on key trends in the domestic ICT industry.

Table 2.41 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframes (%)
Ministerial correspondence	193	24
Briefings		
- initiated by the Department	84	not applicable
- meeting briefs	62	87
Question time briefs	79	62
Parliamentary Questions on Notice	1	0

Note: The figures in this table include some figures relating to Output 3.1 due to organisational arrangements within the Department. These figures cannot be disaggregated.

## Effective client service and consultation

The annual client satisfaction survey conducted by the Department found that 98 per cent of the 115 people who responded to the survey and had dealt with the Department on ICT matters were satisfied with the services provided.

The Department undertook consultations with many stakeholders in 2003–04 to ensure that they were engaged in relevant policy and program initiatives. Stakeholders included industry participants and associations, user groups, government agencies and all levels of government.

Consultations took the form of seeking comments on discussion papers, formal and informal committee discussions, ongoing liaison, meetings and briefings. Throughout these processes, the Department was responsive to stakeholder needs and views.

Other consultative processes included an ICT Priorities Review Forum to review the progress of *Framework for the Future* implementation and industry liaison through the Joint Industry Government ICT SME Working Party. As part of the ANP mid-term review, more than 70 stakeholders were interviewed.

## Compliance with accountability standards

A range of funding programs is administered through Output 3.3. In all cases, the Department builds on the better practice administration principles published by the ANAO for the administration of programs. For example, it is standard practice to receive independently audited statements from grant recipients.

Reviews of the effectiveness of the BITS Incubators and the Advanced Networks Programs were conducted in 2003–04 and the review reports have been made public.

## Research and analysis activities contribute to policy development

To ensure that the Department's policy advice is based on sound analysis and understanding of the ICT sector, the Department has a dedicated ICT research team and utilises the general research skills of its RSTU. In addition, it commissions external research as required to address specific issues.

In 2003–04, ICT-related research and analysis focused particularly on an improved understanding of the ICT innovation system, and ICT's broader economic contribution to innovation policy. It also supported program initiatives by the Government such as *Backing Australia's Ability*. In addition, key trends in ICT employment and the demand for skills were tracked to monitor and advise on areas of concern.

External research was commissioned in the second half of 2003–04 to examine links between public sector research and development organisations and ICT SMEs and the utilisation of ICT by other manufacturing sectors.

### **Targets for processing times met**

For administered items, targets for responses to reporting requirements and payment deadlines were met.

The Department is also responsible for assessing the industry development component of the endorsed supplier arrangement administered by the Department of Finance and Administration. In 2003–04, the Department received a total of 520 applications for assessment.

Of these, 88.5 per cent were processed by the Department within four weeks of receipt, rising to 95.2 per cent within the target processing time of six weeks.

### **Highly effective budget management**

As identified in the resources for outcome table on page 76, the overall price of Output 3.3 was \$2.715 million above budget, predominantly due to unbudgeted functions transferred from the former NOIE on 8 April 2004.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.

## Output 3.4 Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials

### Effective Commonwealth copyright administration

In 2003–04 the Department responded to approximately 1600 requests to use copyright materials published by the Commonwealth. This is above the annual average of 1450 requests per year.

Permissions totalling 1517 and 16 licences for the reproduction of Commonwealth copyright material were granted.

The processing times for the handling of requests to use copyright materials published by the Commonwealth in 2003–04 were consistent with past performance and met the client service standards.

### High quality and timely policy advice and Ministerial services

The 2003–04 reporting period involved an unusually high level of copyright policy development activities and support to the

Minister, largely related to issues arising in the negotiation and implementation of the AUSFTA.

Timeliness figures are quite low in some instances. This is due in part to the short timeframe for the implementation of the AUSFTA, which reduced the capacity to respond to Ministerial correspondence within agreed periods.

This is the first year that performance information has been collected this way and trends will be available from 2004–05.

AUSFTA harmonises aspects of Australia's copyright regime with that of the United States. The resulting *US Free Trade Agreement Act 2004* makes significant changes to Australia's copyright laws, including an extension of the copyright term, new rights for performers, stronger enforcement measures, and a new scheme which limits the liability of Internet service providers in return for assisting copyright owners in combating online piracy.

Table 2.42 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframes (%)
Ministerial correspondence	103	48
Briefings		
- initiated by the Department	28	not applicable
- meeting briefs	12	60
Question time briefs	22	22
Parliamentary Questions on Notice	2	50



Policy documents prepared by the Department, together with AGD, formed the basis of the amending legislation. Preparation of these documents was characterised by the need to implement the complex provisions of the AUSFTA whilst recognising the wide range of policy concerns put forward by copyright owners, users and distributors.

The Department also prepared policy documents for the Government in relation to election commitments contained in *Arts for All*, including the Indigenous communal moral rights consultation package released in early 2004.

Further copyright policy documents have been prepared, including the Government's response to the recommendations of the *Report of the Contemporary Visual Arts and Craft Inquiry* (the Myer Report) released in September 2002. This included briefing on a possible Australian Resale Royalty Arrangement for the payment of royalties to artists when their works are resold.

### Effective client service and consultation

The Department's annual client satisfaction survey found that 97 per cent of the 32 people who responded and had dealt with the Department on IP matters were satisfied with the services provided.

Over the year, the Department has actively consulted with key creator, investor and consumer stakeholders in relation to a number of IP issues. These include consultations with:

- industry representatives;
- portfolio agencies; and
- other Government departments and bodies.

Departmental representatives have coordinated or participated in public consultation forums and received submissions in relation to a number of current issues. In particular, extensive public consultation was undertaken in relation to the negotiation and implementation of the AUSFTA. The Department also consulted with the Attorney-General's Department in relation to the work of law firm Phillips Fox which undertook extensive public consultations as part of the current review of the *Copyright Amendment (Digital Agenda) Act 2000*.

During 2003–04, the Department released a draft of the Copyright Amendment (Indigenous Communal Moral Rights) Bill to key stakeholders.

### Compliance with accountability standards

The Commonwealth Copyright Administration (CCA) is based in the Department and manages Commonwealth copyright in publications on behalf of Australian Government Agencies. In performing the CCA function, the Department was mindful of better practice administration principles, including established client service standards based on response times for requests for the use of Commonwealth copyright materials.

While Government agencies are responsible for their own IP management, the Department provides policy advice which assists agencies to implement their arrangements. During the year, in consultation with key agencies, the Department developed a *Copyright Better Practice Manual*, to assist agencies to manage copyright material created and acquired by the Australian Government.

The manual is expected to be published in the first half of 2004–05.

The Department has also started work with IP Australia and AGD to progress the development of a whole-of-government approach to IP management. The work responds to the recommendations of ANAO Report No. 25, *Intellectual Property Policies & Practices in Commonwealth Agencies*, which found that, in contrast to most states and territories, the Australian Government does not have a whole-of-government approach to management of IP and that 70 per cent of Government agencies do not have IP management arrangements in place.

The report made two recommendations:

- that each Commonwealth agency should have an intellectual property policy appropriate for its circumstances and functions; and
- that DCITA, AGD, IP Australia and other relevant agencies should work together to develop a whole-of-government approach to IP management.

The Department indicated its support for the recommendations.

### Research and analysis activities contribute to policy development

The Department has undertaken extensive research in relation to intellectual property issues over the course of the year. Background research and analysis has been undertaken in relation to all relevant policy initiatives, including research into international resale royalty models, analysis of US legislation, and the nature and amount of copyright royalties paid by radio stations for broadcast music in Australia and internationally.

The Department has also, where appropriate, worked with AGD to obtain necessary information and analysis. This includes the engagement of the law firm Phillips Fox to research and analyse industry experiences and attitudes to the digital agenda reforms.

### Targets for processing times met

The CCA responded to 1600 inquiries and requests for permission to use copyright materials published by the Commonwealth. Of these requests, approximately 50 per cent were finalised within 24 hours of receipt and 99 per cent received a final response within four weeks. This met the Department's client service standards.

### Highly effective budget management

As identified in the resources for outcome table on page 76, the overall price of Output 3.4 was \$218 000 below budget. The main areas underspent at year end were consultancies and staffing, principally due to changes in the staffing profile throughout the year.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to EMG on a monthly basis. The commentary also includes forecasting of budget issues where possible.

## Evaluations

### Evaluation of the Networking the Nation (NTN) program

The NTN evaluation is well advanced and is expected to be completed by the end of 2004. Details on the evaluation methodology and progress of the various elements of the evaluation are available in the NTN annual report at Appendix 9.



## Information Economy

A sustainable, effective and internationally competitive information economy

Explanatory note

Resources for outcome

Performance information index

Achievement of outcome

Administered items

Output 1.1

## Explanatory note on reporting for the Information Economy outcome

Prior to 8 April 2004, Outcome 1 – *A sustainable, effective and internationally competitive information economy* – was delivered by two functional areas within the former National Office for the Information Economy (NOIE). Appropriation was provided in the 2003–04 Portfolio Budget Statements (PBS) to Outcome 1 and contributing Outputs 1.1 and 1.2.

On 8 April 2004, machinery of government changes resulted in the transfer of the information economy function (Output 1.1) to the Department of Communications, Information Technology and the Arts and the e-government function (Output 1.2) to the Australian Government Information Management Office (AGIMO).

Output 1.1 was: *Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.*

In delivering this output, the information economy function of the former NOIE provided policy and strategic advice to the Government on the drivers of the global information economy, with a particular focus on issues such as spam, e-security and e-commerce. It also administered programs to help promote take-up of ICT technology across the Australian economy.

For the purpose of this section of the annual report, the information economy function will be reported as it was funded in the PBS for 2003–04 (Output 1.1 of NOIE Outcome 1). Where reference is made to 'NOIE' the reference is to the information economy function of the former NOIE up until 8 April 2004. A reference to 'the Department' is a reference to the information economy function within the Department of Communications, Information Technology and the Arts after 8 April 2004.

## Resources for outcome

In the 2003–04 Portfolio Additional Estimates Statements (PAES), the former NOIE reported a total price of outputs for Output 1.1 of \$13.711 million. This consisted fully of Departmental Appropriations.

In respect to the former NOIE Output 1.1 functions assumed by the Department, AGIMO recognised \$9.527 million and the Department recognised \$2.950 million for the actual price of outputs (as per note 12B of 2003–04 Financial Statements).

This provides an actual total price of outputs for the former NOIE Output 1.1 of \$12.477 million.

In addition, the former NOIE reported total administered expenses of \$6.322 million for Outcome 1 in the 2003–04 PAES. In respect to the ICT Centre of Excellence responsibilities assumed by the Department, AGIMO recognised expenses of \$1.153 million and the Department recognised expenses of \$1.931 million (as per note 26 of the 2003–04 Financial Statements).

## Performance information index

	Annual report page reference	PBS page reference
<b>Outcome 1</b>		
A sustainable, effective and internationally competitive information economy.	144	518
<b>Administered Items</b>		
Information Technology Online (ITOL) Grants	151	518
<b>Output 1.1</b>		
Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.	153	518

## ACHIEVEMENT OF OUTCOME

### A sustainable, effective and internationally competitive information economy

#### Australia's participation in the information economy

During 2003–04, the efforts of NOIE and the Department to contribute to the development of a sustainable, effective and internationally competitive information economy were primarily focused on accelerating effective use of e-business tools by both the business and the community sectors, combined with the promotion of appropriate supporting infrastructure policies in regulation, standards development, connectivity (particularly high bandwidth), interoperability and security. These activities directly increase Australia's participation in the information economy. Supporting this work were extended analyses about this participation and its impact.

The information economy function provided policy leadership at both national and international levels in a range of areas including development of a revised national strategic framework, improving national and international Internet governance, providing catalytic support to the wider adoption of broadband, encouraging more widespread take-up of e-commerce, improving the efficiency of electronic transaction systems particularly through online security, and building a better understanding of the contribution of ICT to productivity growth.

In June 2004, *Australia's Strategic Framework for the Information Economy 2004–06: Opportunities and Challenges for the Information Age* was finalised for release early in 2004–05.

Building on the strong foundations of previous years, sustained national leadership in Internet governance was provided by NOIE and the Department through continuing support for .au Domain Administration (auDA), and through achievement of the successful transfer of the delegation for the Cocos and Keeling Islands country code domain name. In the international arena, Australia continued to play a pivotal role in the private sector based International Corporation for the Assignment of Domain Names and Numbers (ICANN) together with the United States of America, Canada and the United Kingdom. Australia also played a significant role in achieving cooperative outcomes from the United Nations World Summit on the Information Society in December 2003.

In support of greater connectivity and increased use of higher speed bandwidth, a *National Broadband Strategy* was negotiated by NOIE with all states and territories in 2003. This strategy outlines the collective vision of all three levels of government for broadband development and implementation across the community. The National Broadband Strategy Implementation Group (NBSIG), chaired by the Department, and with representation

from all levels of government, was established to oversee its implementation and measure its impact and success. The NBSIG met four times in 2003–04 and has evolved into a very effective partnership between the various levels of government.

NOIE continued to focus on the development of a comprehensive national regulatory framework by implementing the Government's decision to address business and community concerns regarding unsolicited electronic mail (spam). The prohibition provisions in the *Spam Act 2003* came into effect on 10 April 2004.

Following the passage of the legislation, the focus of activity broadened to harnessing international efforts to combat spam. A Memorandum of Understanding (MOU) with Korea on spam was signed in October 2003. At the conclusion of 2003–04, further international agreements were due to be concluded with the United States of America, the United Kingdom and Thailand. NOIE and the Department also played a pivotal role in the OECD's April 2004 decision to establish an anti-spam taskforce.

A significant contribution of the information economy function has been to chart Australia's information economy performance. These analyses of the information economy are published regularly through statistical benchmarking reports, including the *Information Economy Index* and the *Current State of Play* and demonstrate the progress towards the outcome of a sustainable, effective and internationally competitive economy.

## Level of e-business readiness in Australia

The already high level of e-business readiness in Australia continued to grow during 2003–04. Australian Bureau of Statistics (ABS) figures published in March 2004 show that as at 30 June 2003, 83 per cent of firms in Australia had at least one computer, 71 per cent were connected to the Internet and 23 per cent had a web presence.

More recent figures are provided in the *Sensis e-Business Report* published in July 2004. Based on a May 2004 survey of 1800 small and medium sized firms (SMEs), the *Sensis* survey found that 86 per cent of SMEs are connected to the Internet compared with 82 per cent the previous year.

## Level of e-business activity (B2B and B2C as a proportion of GDP)

The most recent report from the ABS published in March 2004, shows the proportion of Australian businesses using the Internet to receive orders was 13 per cent for 2002–03. This is more than double that recorded for the previous year (six per cent for 2001–02). The number of Australian businesses using the Internet to place orders increased from 25 per cent in 2001–02 to 28 per cent in 2002–03.

Income derived by firms from Internet transactions more than doubled between 2001–02 and 2002–03. According to the ABS, Internet income reached \$24.3 billion for 2002–03. This income represents 3.2 per cent of GDP, an increase from 2.5 per cent in 2001–02.



## Level of trust and confidence in the online economy

In encouraging the more widespread use of online technologies, businesses and consumers alike must be able to trust the security, privacy and integrity of electronic systems. During 2003–04, NOIE and the Department undertook a number of activities to improve confidence in the electronic transaction systems. This included leading a multi-layered national and international approach to the problem of spam.

Within Australia, NOIE and the Department's anti-spam work concentrated on addressing legislative requirements, industry codes, technical solutions and awareness-raising (particularly among SMEs) based on developing a wide range of publications. The Department also took an active role in international efforts to combat spam.

In other measures to increase the level of trust and confidence in the online economy, NOIE and the Department:

- successfully undertook collaborative projects within national and international bodies, including the Government–private sector Electronic Security Coordination Group (ESCG) and the e-Security Task Group (eSTG) of the Asia–Pacific Economic Cooperation (APEC) economies. These projects included domestic and international workshops on online security issues, funding the cybercrime capacity building project within APEC, and a security awareness project designed particularly for small and medium enterprises within Australia;
- carried out joint projects with the Defence Signals Directorate (DSD), one of which resulted in the launch of *OnSecure*, an online incident reporting service for Australian Government agencies, in December 2003;
- participated actively in auDA, the self-regulating body for the Australian Domain Name System (DNS); and



*Members of the e-Security team. Left to right: Ian Brown, David Hickman, Charles Tyers, Rekha Kattera and Michael Alchin.*

- managed Australia's contribution to the development and management of the Internet at the global public policy level through participation in the Governmental Advisory Committee (GAC) to the ICANN.

The continuing increase in the use of electronic transactions by business and the community is testament to the ongoing success of this group of activities.

### Quality, timeliness and relevance of advice to Government

The information economy function of NOIE and the Department provided 87 per cent of meeting briefs to the Minister's Office on time. It did not perform as well in providing timely question time briefs (58 per cent) and fared least well in responding to ministerials on time (48 per cent). The latter largely resulted from the large volume of correspondence on spam that arrived during the development of the spam legislation and its passage through Parliament.

### Extent to which Australia is recognised as a technologically sophisticated information economy

Australia has consistently been regarded internationally as a leader in the information economy and, during 2003–04, it continued to rank in the leading group of nations. Australia ranked ninth overall in the *World Economic Forum Networked Readiness Index 2003–04*. The same index ranks Australia third in its business usage sub-index behind the United States of America and Singapore.

The Economist Intelligence Unit ranks Australia twelfth in its overall e-readiness rankings for 2004 and third in the Asia–Pacific region behind Singapore and Hong Kong. Australia also performed well in terms of home Internet users accessing government websites ahead of leading users such as United States of America and Sweden.

Table 2.43 Advice provided within agreed timeframes

Type of advice	Number	Provided within agreed timeframes (%)
Ministerial correspondence	171	48
Briefings		
- initiated by the Department	54	not applicable
- meeting briefs	15	87
Question time briefs	45	58
Parliamentary Questions on Notice	1	100

## Extent of community connectivity and use of electronic transactions

On average, community connectivity in Australia increased by nine per cent in the first quarter of 2004 compared to the first quarter of 2003.

In Australia, 84 per cent of adults (defined by ACNielsen/Netratings as persons 16 years and over) had access to the Internet from any site in March 2004 compared to 75 per cent in March 2003. The percentage of adults in Australia with home Internet access also increased,

with 64 per cent in the first quarter of 2004 being able to access the Internet from home compared to 60 per cent in the first quarter of 2003.

The percentage increases in community connectivity in 2003–04 improved Australia's already strong international connectivity ranking. In March 2003, Australia ranked third behind Sweden and the United States of America in adult access to the Internet from any location of 11 countries surveyed by ACNielsen.<sup>13</sup> In March 2004, Australia moved up to second position behind Sweden.

Table 2.44 Adults with Internet access from any location – International comparison

Adults with Internet access	Jan–March 2003 (%)	Jan–March 2004 (%)
Sweden	90	90
Australia	75	84
United States of America	86	83
United Kingdom	69	78
Hong Kong	69	75

Source: ACNielsen/Netratings

Table 2.45 Online activity by adult Internet users in Australia

Online activity	Oct–March 2004 (%)	Oct–March 2003 (%)
Send and/or receive email	91	93
Browse	55	33
Purchase or order goods or services	34	18
Audiovisual content	32	41
Use the radio	19	19
Participate in chat room discussions	18	21

Source: ACNielsen/Netratings

<sup>13</sup> Countries covered by ACNielsen include: the United Kingdom, Brazil, France, Germany, Hong Kong, Italy, Spain, Sweden, Japan and the United States of America.

This connectivity was well utilised, with almost all adults with Internet access in Australia reporting that they send and/or receive electronic mail. An increasing number of users purchased or ordered goods or services via the Internet in the six months to March 2004 (34 per cent) compared with 18 per cent in the six months to March 2003.

## International Organisations Contributions

NOIE and the Department coordinated the Australian Government's participation in the World Summit on the Information Society, a United Nations (UN) Forum. The international community endorsed a Declaration of Principles and a Plan of Action which provide a shared vision for the global information society's values and a roadmap for improving ICT access in all UN countries.

NOIE and the Department also participated in the work of three Organisation for Economic Cooperation and Development (OECD) working groups, the Working Party on Telecommunications and Information Services Policies, the Working Party on Information Security and Privacy and the Working Party on the Information Economy. It also participated in the work of the overarching policy committee, the Committee for Information, Computer and Communications Policy (ICCP).

Australia plays a leadership role in the work of these committees and the main outcomes for the period included contributing to the implementation of the OECD Culture of Security Guidelines, participating actively in the development of privacy in the use of biometrics technologies, and setting up a working group to combat unsolicited email (spam).

NOIE and the Department contributed to a large number of studies and papers, particularly in analysing the take-up and usage of broadband technologies, assisting to build a global culture of security, building international privacy and trust frameworks, and benchmarking Australia's ICT growth performance against others in the OECD. Australia is an active participant in the production of the OECD's biannual publication, *IT Outlook*.

## Case study

### The Spam Act

A crucial area of policy focus in 2003–04 was combating the growing problem of spam. The *Spam Act 2003* (the Spam Act) has reinforced Australia's reputation as a world leader in protecting and developing the information economy.

Spam is the term commonly used for unsolicited commercial electronic messaging, particularly by email and, increasingly, short message service (SMS). The initiative by the Australian Government to address spam came at a time when spam was seen in most countries as moving quickly from a nuisance to a serious problem. Various reports estimate that spam comprises between 60 and 80 per cent of all global email. Left unaddressed, the continuing rise in the incidence of spam has the potential to seriously impair the efficiency of electronic transaction systems and limit their contribution to economic activity.

The key characteristic of the Government's anti-spam strategy is collaboration. This reflects the Government's early recognition that the actions of governments, while important, could not hope to be effective on their own in combating spam. What was also needed was the positive and active commitment of private sector stakeholders. One of the pleasing aspects to the Government of the anti-spam work has been the strong support provided by a range of industry groups including the Internet Industry Association and the Australian Direct Marketing Association.

The Spam Act is an important element in Australia's multi-layered approach to spam comprising industry codes, technical solutions,

awareness raising programs and international cooperation. This approach is designed to provide an immediate and long-term impact on curbing spam and to leverage and enhance the benefits available through each element.

The Spam Act is widely regarded as one of the best pieces of anti-spam legislation in the world. It has attracted very strong interest from other governments and from a range of international forums. NOIE was approached to assist in the development of model legislation for use by other countries and also gave presentations about the Spam Act in response to invitations from other governments including Korea and Malaysia.

The next phase of the Department's role – international efforts to harness and coordinate anti-spam actions – will be even more significant in reinforcing Australia's information economy leadership position in the world.



*The Minister for Communications, Information Technology and the Arts, the Hon Daryl Williams at the Spam Law Implementation Forum in February 2004.*

*Photographer: Brendan Read.*

## Administered items

### Information Technology Online (ITOL) Grants

#### Take up of e-commerce by business in target sectors

The ITOL Program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by SMEs, across a broad range of industry sectors and geographic regions.

Two ITOL funding rounds held in 2003–04 received a total of 143 applications. Round ten funded eight projects to the value of \$1.367 million, with health and transport identified as specific targets. Round 11 was a general round and funded eight projects to the value of \$1.228 million from the building and construction, health, community and manufacturing sectors.

The 2004 *Sensis e-business report* found significant growth in Internet use in many of the sectors in which there had been a high degree of ITOL engagement:

- 78 per cent of organisations in the building and construction sector now use the Internet (up from 70 per cent);
- 89 per cent in the health and community sector (up from 70 per cent);
- 84 per cent in the manufacturing sector (up from 79 per cent); and
- 86 per cent in the transport/storage sector (up from 82 per cent).

#### Program run within budget

The program was run within the 2003–04 budget. Funding of \$2.208 million was provided to ongoing projects. Projects are funded in accordance with individual funding agreements and continued funding is based on performance.

#### Feedback from stakeholders

Interest in the program was strong as evidenced by the large number of applications received. Additionally, positive feedback was received from clients as part of the Department's annual client service survey.

#### Number of hits and downloaded pages and documents from NOIE websites

At the end of 2003–04, there were 2582 email subscribers to the *ITOL News* compared to 1893 in 2002–03. There were also 118 208 'hits' on the website and 13 852 visits from individual discrete Internet provider addresses. This annual figure is extrapolated from a ten-month reporting period.

#### Number of innovative projects funded

Funding agreements for 16 new ITOL projects involving 80 organisations were finalised in 2003–04. ITOL projects are selected to demonstrate the practical application of ICT innovation across the

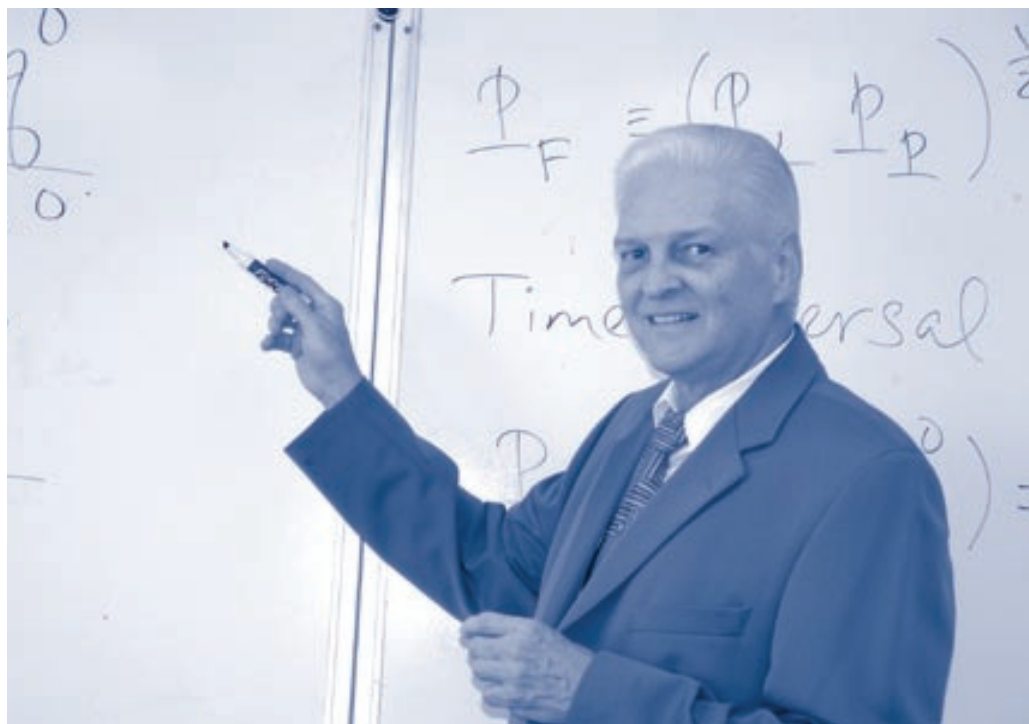
economy in addition to flow-on benefits to individuals and the Australian economy.

A number of innovative projects supported also have the potential to make a significant strategic contribution to Australian industry. For example two projects funded in Round ten will demonstrate how the EAN.UCC standard, endorsed by the Australian Logistics Council in 2003 for use in the transport and logistics industry, can be successfully applied within supply chains. One of these projects is also making use of emerging Radio Frequency Identification (RFID) technology and web enabled

software to track temperature sensitive goods such as pharmaceutical (vaccines and blood) and animal health products. These technologies have the potential to deliver significant efficiencies in supply management.

### Number of projects completed successfully

A total of 14 projects from rounds six, seven, eight and nine were completed in 2003–04. Case studies of successful ITOL projects are available on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au).



*Professor Erwin Diewert at the Asia Pacific Productivity Conference, Brisbane, 14–16 July 2004, explaining research findings on ICT and productivity.*

*Photograph: courtesy of Meyrick & Associates Pty Ltd.*



## Outputs

### Output 1.1 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

#### **Acceptance of a new strategic framework for the information economy including positions developed through the Framework for the Future and the Broadband Advisory Group process**

During 2003–04, one of NOIE's major activities relating to Output 1.1 was the development of the Government's new *Strategic Framework for the Information Economy*. This framework represents a crucial articulation of the Government's medium term objectives in moving Australia to take full advantage of the many benefits that online technologies offer to all elements of society and the economy. The development of a new strategic framework plays a major part in the achievement of a sustainable, effective and internationally competitive information economy.

In developing the new strategic framework, NOIE undertook extensive consultations with Government departments and agencies, state, territory and local governments, the private sector and community groups. This contributed significantly to the widespread acceptance of the new framework by all sectors involved.

This process was undertaken in recognition that, while Australia had made major strides in implementing new technologies across the private and public sectors, new

challenges continued to emerge as new waves of ICT became available. In addition, the need for a modified strategy was reinforced by the work of the Framework for the Future Steering Committee, whose report emphasised the need to recognise the role of ICT as a major contributor to productivity growth in Australia in designing policies to support the development of the ICT industry.

The new strategic framework is designed to strengthen cross-portfolio synergies and to maximise the impact of their policies and programs on Australia's information economy development.

The policies and programs embraced in the strategic framework represent the Government's approach to extracting national benefit from the impact of ICT on Australia's economy and society over the three years to 2006.

A key focus in achieving Outcome 1 is to enhance the level of broadband connectivity. Several of the key recommendations of the Broadband Advisory Group (BAG) were implemented through the Government's response to the Regional Telecommunications Inquiry (RTI). The most significant involved developing the *National Broadband Strategy* based on the vision, goals, objectives and principles recommended in the BAG report. The *National Broadband*



*Strategy*, developed in collaboration with states and territories, was released by the Minister on 3 March 2004.

Other activities reflect BAG recommendations, such as establishing the National Broadband Strategy Implementation Group (NBSIG) to develop and implement the *National Broadband Strategy* and to measure its impact. The acceptance of the strategy was clear from the considerable ongoing allocation of resources to this activity from all participants.

The strategic investment and coordination recommendations of the BAG have been addressed as part of the RTI through program elements implemented under the *National Broadband Strategy*. These programs include the Coordinated Communications Infrastructure Fund, the Demand Aggregation Brokers Program and the Higher Bandwidth Incentive Scheme. Further information on these programs can be found on page 101. These focus on the priority areas identified by the BAG such as regional, rural and remote areas, health, education, research and SMEs.

### **Level of understanding of the dynamics of the drivers of the information economy**

In order to raise awareness of the benefits of the information economy, the Department undertakes monitoring, research and policy development on the community and social impacts of ICT including the digital divide. This work includes publication of discussion papers and case studies on the role of ICT in social capital and community building and on the use of ICT in the not-for-profit sector.

A range of statistical publications, including the annual *Information Economy Index* (released in August 2003) and the biannual *Current State of Play* publications (released in July 2003 and January 2004), provide snapshots of Australia's performance in the global information economy.

Econometric studies into the impact of ICT on Australia's high rates of productivity growth have also demonstrated the important contribution that technology has made to Australia's economic performance. This work has resulted in the publication of a paper on *Productivity Growth in Australian Manufacturing* in March 2004.

Research conducted by Kenneth Carlaw, commissioned by the Department in February 2004, suggests the Australian productivity bonus does not occur contemporaneously with the investment in ICT, but comes later as learning and innovation maximises the productivity potential of ICT. Other complementary research projects have been undertaken at the firm level, to determine how better management of ICT can practically improve productivity and business outcomes. Howard Partners Pty Ltd is currently completing a report on utilisation of ICT by non-ICT manufacturers. Opticon Australia is also currently preparing a consultancy report on ICT organisation and management.

### **Satisfaction of stakeholders with operations of the Online Council**

The Department provides secretariat support for Australian, state, territory and local government coordination through the Online Ministerial Council and its working groups.

At the eleventh meeting of Online Council Ministers held on 26 September 2003, the Council issued a joint media statement outlining areas of cooperation in key fields such as the *National Broadband Strategy*, regional and remote telecommunications services, programs for remote Indigenous communities, ICT industry development and improving e-government service delivery. Online Council Ministers and senior officials have expressed continued support for the operations of the Ministerial Council and the Online Council Officials' Standing Committee.

### **Extent to which NOIE advice is sought from other Government agencies**

This indicator is particularly relevant in demonstrating the significance of Output 1.1 for achieving Outcome 1. NOIE and the Department's advice was regularly sought by other Government agencies on approaches to interoperability, security, authentication, e-payments and business protocols, and consumer and privacy protection. NOIE and the Department also received numerous requests from other Government agencies regarding the application of the Spam Act and its effect on their messaging practices as well as on domain name policy issues.

NOIE chaired a consultative group comprising key law enforcement agencies (the e-Security Consultative Group), which developed the e-Security National Agenda. It also worked cooperatively with the Department of Transport and Regional Services throughout 2003–04 to support the work of the Australian Logistics Council.

In line with the new Strategic Framework emphasis on collaboration between the public and private sectors on information economy issues, and new governance arrangements to manage that collaboration, the Department started in 2003–04 to explore the possibility of formal arrangements with the private sector for collaboration on e-business frameworks.

A meeting of key private sector stakeholders in e-commerce was successfully convened. However, efforts to secure agreement on an over-arching structure for public–private sector collaboration on e-commerce projects were not as successful. In principle agreement on closer collaboration was secured, and this will be followed up through stand-alone projects in specific areas such as electronic authentication and payments with the possibility of more formal arrangements to be reconsidered in the future.



## SECTION 3

### Management and accountability



Corporate governance

External scrutiny

Client Service Charter

Management of human resources

Occupational health and safety performance

Information technology

Legal services

Purchasing, consultants and competitive tendering and contracts

Financial management

# MANAGEMENT AND ACCOUNTABILITY

The Executive Management Group (EMG) has responsibility for management and accountability within the Department. The EMG is supported by a number of senior management committees and three key corporate areas: the Corporate and Business Division, the Legal Group, and the Finance and Budgets Group. These three areas provide operational support and strategic advice to the Executive and to staff on issues such as procurement, human resources, governance, asset management, public relations, whole-of-government policy coordination, parliamentary liaison, departmental resources, freedom of information, records management and information technology.

## Corporate governance

### Overview

Following an internal review in 2002–03 of governance arrangements, including the release of a governance framework and improved governance committee structures, the Department has put considerable work into further improving its performance in this important area. The major focus during the year was the development and release of key governance documents including a new *Corporate Plan*, *Fraud Control Plan*, revised *Risk Management Policy and Guidelines*, and a *Business Continuity Plan*. Revised *Workplace Diversity* and *Harassment Plans* will be finalised for release early in 2004–05.

A stocktake of the Department's intellectual property was also completed during the year. This stocktake forms the first step towards developing a departmental Intellectual Property policy.

In addition, the EMG has overseen the transition to new information technology and communication providers and has established a Human Resource Management Committee. This Committee, coupled with the Department's Workplace Consultative Committee, provides an improved framework for the management of the Department's most important resource, its people. The release of the Department's *People Management Plan* and a new human resource management model in 2004–05 will further strengthen the gains made this year and increase the focus on staff performance and development.

The Department has also continued to improve its systems for performance reporting and this year's annual report is the first under a revised outcome, output and performance indicator structure. While some problems were experienced in the preparation for the new reporting format, overall the Department has adapted well to these reporting requirements. The introduction of workforce statistic reports, revised evaluation planning, non-financial performance reporting and a new organisational survey next year, combined with the Department's existing monthly budget reporting and annual client service survey, will provide a more holistic approach to performance reporting.

## Senior management committees

The Department's corporate committees are an important element of its governance and leadership framework. The committees advise and support the Secretary and the Executive through strategic management, policy setting and assurance that the Department's control mechanisms are working effectively. The Executive has continued to review and improve the committees' structures and performance during the year to ensure rigorous governance systems are in place in the Department.

A system of committee self-assessment was piloted towards the end of the year and will be fully implemented in 2004–05. The results are reported to the Secretary, providing an important means of assurance to the Secretary that the committee structures are operating effectively. This self-assessment provides a continuous improvement process for each committee.

The Human Resource Management Committee was established during the year. Its first task was the oversight of the introduction of a new human resource delivery model for the Department.



*Members of the Department's Senior Executive Service.*

Table 3.1 Senior management committees

Committee name	Role	Membership
Executive Committee <i>(meets approx every three weeks)</i>	<p>The Executive Committee was established by the Secretary to consider high-level strategic, managerial and operational issues.</p> <p>The issues considered by the Executive Committee included implementation of the new Australian Government branding requirements, consideration of whole-of-government priorities (in the context of the recently released Management Advisory Committee report) and issues surrounding the integration of ATSI staff transferring to the Department. Issues that are discussed on an ongoing basis in this forum include succession planning and staff movements, corporate planning directions, training and development opportunities for staff, and priority setting.</p>	The Secretary (Chair), Deputy Secretaries and Chief Operating Officer.
Executive Management Group (EMG) <i>(meets weekly)</i>	<p>EMG considers matters of corporate governance, accountability and operational effectiveness and monitors the financial performance of departmental and administered programs. It plays a key role in the Department's strategic planning and corporate performance monitoring with all other governance committees regularly providing reports to EMG.</p> <p>As well as receiving these updates throughout the year, EMG considered several draft corporate documents and plans before finalisation. In addition, issues that had policy significance for the Department were discussed on an ongoing basis (for example, the AUSFTA negotiations and issues surrounding the integration of ATSI staff transferring to the Department).</p>	The Secretary (Chair), Deputy Secretaries, All Chief General Managers, General Counsel, Chief Financial Officer, Chief Operating Officer and Special Adviser, Collections and Governance.
Audit, Risk and Evaluation Committee <i>(meetings held on 11 September 2003, 11 December 2003, 11 March 2004, 10 June 2004, and a special meeting was held on 27 August 2003)</i>	<p>The Audit, Risk and Evaluation Committee, in accordance with the FMA Act, provides independent advice to the Secretary on the Department's control frameworks, externally published financial information, and on compliance with statutory obligations.</p> <p>The Committee considered a range of issues during the year, including the Department's 2004–05 Internal Audit Plan and Risk Plan; the 2002–03 Financial statements; and oversaw the implementation of ANAO and Internal Audit report recommendations.</p>	<p>The Deputy Secretary Communications (Chair), Mr Peter Kennedy, External Member (Integrity Adviser, ATO), Chief Operating Officer, General Manager, ICT Innovation, Special Adviser, Collections and Governance, and the General Manager Public Broadcasting.</p> <p>Representatives from the Australian National Audit Office, the Department's Internal Auditors (KPMG), the Chief Financial Officer and General Counsel attend Committee meetings as observers.</p>

Table 3.1 Senior management committees (continued)

Committee name	Role	Membership
<p>Workplace Consultative Committee (WCC)</p> <p><i>(meetings held on 2 September 2003, 25 November 2003, 9 March 2004, and 23 June 2004)</i></p>	<p>The WCC was established under the Department's Certified Agreement as a mechanism to consult with staff and provide advice to management on workplace issues, oversight implementation of the Certified Agreement and to provide input for the Department's successor agreement.</p> <p>The Committee considered a range of issues including the establishment of sub-committees to address a broadbanding system for the Department and initiatives developed by the Productivity Improvements Sub-Committee.</p> <p>In addition, briefings were provided on a number of key issues, including OH&amp;S workplace inspections; the Department's first Health and Safety week; the HR services tender; capability of the HR system; the certified agreement negotiations; car parking; OPH and NPG employment conditions; and learning and development issues.</p>	<p>The Secretary (Chair), Chief Operating Officer, Chief Financial Officer, Manager HR Strategy, elected staff representatives from each division, Old Parliament House (OPH) and the Department's Graduate Program, and CPSU union representation.</p>
<p>Occupational Health and Safety (OH&amp;S) Committee</p> <p><i>(meetings held on 1 July 2003, 5 August 2003, 8 September 2003, 21 October 2003, 8 December 2003, 2 March 2004, and 22 June 2004)</i></p>	<p>The OH&amp;S Committee reports to the WCC on the Department's progress in meeting its OH&amp;S responsibilities.</p> <p>The Committee discussed a range of issues including the conduct of the Department's inaugural Health Week; development of the OH&amp;S risk management strategy for inclusion in the Risk Management Plan; issues associated with the refurbishment of departmental premises; and development of OH&amp;S guides for visitors to the Department's premises.</p> <p>The committee also reviewed and endorsed the following OH&amp;S policies: First Aid; Fitness for Continued Duty; Eyesight Testing for Visually Demanding Tasks; and Occupational Rehabilitation.</p>	<p>The General Manager, Arts Support &amp; M2006 Taskforce (Chair), Manager HR Strategy and elected health and safety representatives from each designated work group (currently ten).</p>

(Continued over)



Table 3.1 Senior management committees (continued)

Committee name	Role	Membership
<p>Information Management Committee (IMC)</p> <p><i>(meetings held on 26 September 2002, 9 December 2002, 4 April 2003 and 26 June 2003. Two special meetings were also held on 30 April and 5 June 2003)</i></p>	<p>IMC provides strategic advice to EMG on the management of the Department's information technology needs. The committee considered a range of issues during the year, including: the 2003–05 ICT Strategic Plan; initiation of formal ICT governance arrangements for IT related projects, including annual project bidding and quarterly reporting from project boards; a review of options for ICT services post Group 5 arrangements; and oversight of the transition of ICT services to Kaz Technology Services and Macquarie Corporate Telecommunications.</p>	<p>Chief Operating Officer, (Chair), General Manager Information Technology and Facilities, Chief General Manager Broadcasting, Chief Financial Officer, General Manager Regional Communications Policy, General Manager ICT Innovation, General Manager Film and Digital Content, General Manager Strategy, the Executive Coordinator, and Senior Adviser Legal Group.</p>
<p>Human Resource Management Committee (HRMC)</p> <p><i>(meetings held on 30 October 2003, 4 December 2004, 25 February 2004, 31 March 2004, and 21 May 2004).</i></p>	<p>The HRMC was established to provide advice and strategic direction in the management of the Department's human resource needs.</p> <p>The HRMC guides development of the HR Strategic Plan and is responsible for reporting to the Secretary and EMG on the management of the HR Strategic Plan.</p> <p>The major issue considered since the committee's establishment was the review of options for HR services post the current outsourcing contract with The Empower Group and the subsequent approval of a new HR sourcing model.</p>	<p>The Chief Operating Officer, (Chair), Chief General Manager Telecommunications, Chief General Manager Arts and Sport, General Counsel, General Manager Digital Broadcasting &amp; Spectrum Management, General Manager Regional Communications Initiatives, General Manager Access, Manager HR Strategy, Manager Corporate Finance, and the Executive Coordinator.</p>

## Corporate planning

The Department's Corporate Plan 2003–06 sets out the broad strategic direction and key priorities which the Department pursued in 2003–04 to encourage the continued development of world-class Australian communications, information technology, cultural, sports and information economy sectors, to achieve the outcomes set by the Government.

The Corporate Plan is supported by Business Plans that detail the key activities and outputs for each division in order to meet the Department's outcomes for 2003–04. These plans are underpinned by the Department's performance management system, which guides the management of both individual and team performance.

A Senior Executive Service (SES) planning day was held in April 2004 to consider the strategic environment and key business priorities for 2004–05. Issues discussed included:

- the implementation of portfolio aspects of the AUSFTA;
- the integration of language, cultural, broadcasting and sport functions from ATSIS into the Department;
- the integration of the Information Economy components of the former NOIE; and
- whole-of-government priority issues.

Revised 2004–05 key priorities were developed following the planning day and these provided the strategic framework for the development of the 2004–05 Divisional Business Plans and individual performance agreements.

## Audit, risk and evaluation

The Audit, Risk and Evaluation Committee's major focus during the year was on improved security reporting and the establishment of a business continuity regime within the Department. A revised Risk Management Policy and Guidelines were released and six-monthly reporting on the implementation of the Department's Fraud Control Plan was introduced. The committee has also continued to play an important role in overseeing the implementation of both internal and external audit report recommendations. The committee meets quarterly and provides a report to both the Secretary and the EMG following each meeting.

### Internal audit

The Department's internal audit services are provided by KPMG and monitored by the Department's Audit, Risk and Evaluation Committee. Following consideration of the Department's Risk Management Plan and discussion with senior management, and in line with the Department's Strategic Audit Plan, a detailed Annual Audit Plan for 2003–04 was developed by KPMG, endorsed by the committee and approved by the EMG.

Assignments conducted during this reporting period were:

- a review of the Department's readiness to report against its new performance indicators;
- a review of the Department's records management practices which is to be completed in early 2004–05;
- better practice advice in relation to the development of the Department's new Chief Executive Instructions (CEIs); and

- a review of the Department's month end budget reporting processes.

The Internal Auditors also undertook a number of additional assignments during the year including, as probity adviser, in relation to the Department's remodelling of its SAP system and Chart of Accounts and, as better practice adviser, in relation to the development of the Department's grant management guidelines.

While a number of recommendations were made, no serious control breaches were found during the reporting period. The Department's Audit, Risk and Evaluation Committee actively manages the implementation of all internal audit recommendations and receives a quarterly status report.

## Risk management

The Department's Risk Management Policy and Guidelines aim to ensure that the Department identifies and develops strategies to manage risk, and applies cost effective risk management practices. The Risk Management Plan for 2003–04 was developed through a comprehensive bottom-up risk assessment approach and was approved by EMG.

In addition, the Department finalised its Business Continuity Plan for its premises at 38 Sydney Avenue, 44 Sydney Avenue and 28 National Circuit in Forrest, ACT.

The Department participated in the Comcover Benchmarking Survey. The results indicated that the Department was above the average of those agencies surveyed in its implementation of risk, but could improve in relation to insurance risk transfer, awareness raising and performance measurement of its risk function. As a result, the Department

commissioned a risk and insurance gap analysis and has developed an action plan for implementation in 2004–05.

## Fraud control

The Department continued to monitor and report on the implementation of the Fraud Control Plan in accordance with the *Commonwealth Fraud Control Guidelines 2002*, through the Audit, Risk and Evaluation Committee. During the year a Fraud pamphlet was provided to all staff and two Fraud Awareness courses were conducted. The Department will be conducting a new fraud assessment and developing a new Fraud Control Plan in 2004–05.

## Evaluation

During the year EMG approved the implementation of a system to identify, conduct, monitor and report on evaluations within the Department. Under the new arrangements, an evaluation plan will be developed to ensure regular evaluations of key programs are conducted over a three-year period. The evaluation plan will be implemented in 2004–05 and the Department's Audit, Risk and Evaluation Committee will monitor implementation of the plan.

## Ethical standards

The Department is committed to supporting and promoting the Australian Public Service (APS) Values and Code of Conduct in accordance with the *Public Service Act 1999*. The APS Values and Code of Conduct continue to be integrated into the Department's Corporate Plan, governance framework and training, including the induction program and performance management processes.

The Department's compulsory training program includes courses on the APS Values and Code of Conduct, Eliminating Workplace Harassment, and Capitalising on Workplace Diversity. In this reporting period two induction programs were conducted with 58 staff attending, two Governance courses were conducted with 24 staff attending, two APS Values and Code of Conduct courses were conducted with 16 staff attending, and two Workplace Diversity and three Workplace Harassment courses were conducted with 19 and 39 staff attending respectively. In addition, a copy of the Australian Public Service Commission's *APS Values and Code of Conduct in Practice – a Guide to Official Conduct for APS Employees and Agency Heads* publication was distributed to all senior managers.

During the year the Department commenced a process to review its Chief Executive Instructions (CEIs) which provide guidance on a range of ethical issues. This will include revised procedural rules on accepting gifts, official hospitality, and on the use of information technology. The revised CEIs and associated procedural rules will be completed in 2004–05.

## External scrutiny

The Australian National Audit Office (ANAO) issued a number of reports in 2003–04, some of which involved the Department directly, and others which had a special or general interest for the Department. The Audit, Risk and Evaluation Committee actively oversees the Department's implementation of these reports and receives progress reports on a quarterly basis. The audits that the Department participated in directly during 2003–04 are set out below.

### **Report No. 11: Annual Performance Reporting**

#### **Tabled: 4 November 2003**

The Department was one of five agencies audited. The report made two recommendations as set out below:

- Agencies improve accountability and transparency in annual reports by:
  - using intermediate outcomes and/or explanatory text to better specify their own influence on, and contribution to, broadly stated or shared outcomes;
  - addressing all aspects of performance; and
  - including performance indicators that have targets and/or other bases for comparison.
- To enable Parliamentarians and other stakeholders to interpret and fully understand agency results in agency annual reports, agencies should:
  - provide an analysis of performance, rather than list activities;
  - assess performance against targets or other bases for comparison;
  - provide and review trends in non-financial and financial performance; and
  - use the results of evaluation where appropriate to provide performance information on quality and effectiveness.

The Department agreed with both recommendations and this is the first annual report under the Department's revised outcome and output structure, and performance indicators, which includes bases of comparison against the

quantitative indicators. The Department has established a new performance reporting area within its Corporate Governance section to assist continuous improvement in all areas of performance reporting.

### ***Report No. 12: The Administration of Telecommunications Grants***

**Tabled: 5 November 2003**

The audit was a cross-agency audit of the Department and the Department of Transport and Regional Services (DOTARS). The report made four recommendations but only one related to the Department. Recommendation 4 stated 'The ANAO recommends that both DCITA and DOTARS review the content of annual reports with a view to improving the quality of reporting on program outcomes, efficiency of program delivery and discussion on trends, risks and challenges facing the various programs'. The Department acknowledged that the quality of its reporting could be improved and, as discussed under Audit Report No. 11, has addressed this issue by undertaking a major review of its outcome and output structure and related performance indicators.

### ***Report No. 14: Survey of Fraud Control Arrangements in APS Agencies***

**Tabled: 28 November 2003**

The Department participated in the survey which produced findings but made no specific recommendations relating to the Department. The Department is reviewing its current Fraud Control arrangements in light of these findings.

### ***Report No. 31: The Senate Order for Departmental and Agency Contracts***

**Tabled: 20 February 2004**

The Department was one of the agencies audited under this round of the Senate Order. Although the report did not make any specific recommendations it noted that:

- there is scope for many agencies to improve the presentation of their Internet listings;
- agencies should update their chief executive instructions or procurement guidelines to reflect the requirements of the new accountability environment – the report noted that the Department had updated its policy documents to reflect these requirements during the audit; and
- agencies need to review their current guidance for contracting templates so that they reflect the requirements of the Commonwealth Procurement Guidelines, Finance guidance and the Senate Order.

The Department has implemented all of these suggestions.

### ***Report No. 57: Administration of Freedom of Information Requests***

**Tabled: 24 June 2004**

The Department was one of the agencies audited. The report has made nine recommendations, with four of these directed at the Attorney-General's Department. The Department has either already satisfied, or has now implemented, four of the remaining five recommendations. The Department considers that the objectives of the

remaining recommendation (relating to training) are achieved in the Department without implementing the letter of that recommendation.

***Report No. 58: Control Structures as part of the Audit of Financial Statements of Major Australian Government Entities for the Year Ending 30 June 2004***

**Tabled: 30 June 2004**

The Department was one of the agencies discussed in the audit report, with favourable comments made about the Department's Corporate Governance arrangements, financial reporting and responsiveness to ANAO recommendations. The report did make some suggestions relating to the handling of IT access and financial management changes, which have been addressed through the SAP and Chart of Accounts remodelling project to be released in early July 2004.

Audits in which the Department has a special interest are listed below.

***Report No. 3: Management of Risk and Insurance***

**Tabled: 27 August 2003**

The Department is implementing the recommendations of this report.

***Report No. 7: Recordkeeping in Large Commonwealth Organisations***

**Tabled: 24 September 2003**

The Department is implementing the recommendations of this report.

***Report No 19: Property Management***

**Tabled: 17 December 2003**

The Department is implementing the recommendations of this report.

***Report No. 24: Agency Management of Special Accounts***

**Tabled: 31 January 2004**

The Department is implementing the recommendations of this report.

***Report No. 25: Intellectual Property Policies and Practices in Commonwealth Agencies***

**Tabled: 5 February 2004**

The Department has a twofold responsibility in relation to the recommendations of this audit. The first is because of its policy responsibilities for Intellectual Property, particularly copyright. The Department, in conjunction with the Attorney-General's Department and IP Australia will be responsible for implementing the whole-of-government guidelines on Intellectual Property for the Commonwealth (recommendation 2) and as a creator and user of intellectual property the Department is implementing recommendation 1 of the report – the development of an Intellectual Property Policy.

***Report No. 30: Quality Internet Services for Government Clients – Monitoring and Evaluation by Government Agencies***

**Tabled: 20 February 2004**

The Department is implementing the recommendations of this report.

***Report No. 35: Compensation Payment and Debt Relief in Special Circumstances***

**Tabled: 24 March 2004**

The Department is implementing the recommendations of this report.

***Report No. 38: Corporate Governance in the Australian Broadcasting Corporation***

**Tabled: 31 March 2004**

The Department was not included in the audit. The Department's interest in this audit is because the ABC is a portfolio agency.

***Report No. 42: Financial Delegations for the Expenditure of Public Monies in FMA Agencies***

**Tabled: 16 April 2004**

The Department is implementing the recommendations of the report.

***Report No. 49: The Use and Management of HRIS in the Australian Public Service***

**Tabled: 31 May 2004**

The Department is taking into consideration the recommendations of the audit in relation to the implementation of its new human resource model and related systems.

***Report No. 55: Management of Protective Security***

**Tabled: 23 June 2004**

The recommendations will be considered at the September 2004 Audit, Risk and Evaluation Committee meeting.

**Judicial decisions and decisions of administrative tribunals affecting the operation of the Department**

There were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operations of the Department during 2003–04. However, in two High Court matters, the validity of certain provisions of portfolio legislation was considered and upheld.

In *Broadcast Australia Pty Ltd v Minister Assisting the Minister for Natural Resources (NSW)* [2004] HCA 4, the High Court confirmed the intended operation of provisions of the *National Transmission Network Sale Act 1998*. As part of the network sale process, in 1999 the Minister for Finance and Administration made a declaration under that Act which transferred all property rights held by the Commonwealth relating to the national television transmission network to the buyer of the network. The Court held that this declaration was effective in transferring the Commonwealth's rights under a permissive occupancy granted to the Commonwealth in 1961 by the relevant NSW Minister under NSW legislation. The condition of the NSW grant requiring the tenant to obtain the consent of the NSW Minister before parting with possession of the land could have no effect because of section 109 of the Constitution.

In *Bayside City Council and Others v Telstra and Others* [2004] HCA 19, the High Court held that various local government bodies in Sydney and Melbourne had no power to levy rates and charges on Telstra and Optus in respect of the land or airspace occupied by their telecommunications



cables. This was because the rates and charges discriminated against carriers contrary to clause 44 of Schedule 3 to the *Telecommunications Act 1997*, and therefore were of no effect under section 109 of the Constitution. This decision was on appeal from the Full Federal Court decision that was reported last year.

## Commonwealth Ombudsman

During 2003–04, the Commonwealth Ombudsman:

- received five complaints about the Department's actions; and
- made no findings of defective administration by the Department, or recommendations for act of grace payments.

## Parliamentary Committees

During 2003–04, the Department was involved in 21 Parliamentary Committee Inquiries. This compares with 18 in 2002–03.

The Department coordinated the Government's response to five Parliamentary Committee Inquiry reports and provided input to a further nine Government responses. The Department also made written submissions or gave evidence to a further seven Parliamentary Committee Inquiries.

Details on the Department's involvement in these Parliamentary Committee Inquiries are at Appendix 2.

## Client Service Charter

The Department is committed to providing quality client service, and monitoring and responding to feedback from its clients. The Department's *Client Service Charter* explains the range and standards of services the Department's clients can expect and outlines clients' rights and responsibilities as well as the steps that they can take if service standards are not met.

A copy of the *Client Service Charter* is available on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au) or on written request from the:

Client Service Manager  
Department of Communications,  
Information Technology and the Arts  
GPO Box 2154  
Canberra ACT 2601

The Department has continued to measure client satisfaction through its annual client survey. The Department outsourced the survey to the Wallis Group this year and it surveyed a representative sample of 1924 of the Department's clients to obtain feedback on the Department's service delivery for 2003–04. This is the first year that the Department has reported the survey results at both the departmental and output levels. A summary of the Department-wide results of the survey is provided at table 3.2, with the results against each output level reported in section 2 of this report under each output.

The Department has continued to maintain a high overall level of client satisfaction with 97 per cent of the Department's clients rating the service of departmental staff as satisfactory to excellent, compared with 98 per cent in 2002–03. Particular areas of



strength were the handling of client queries by telephone and email, and a continued high satisfaction level in relation to the quality of communication with clients.

Nevertheless, some areas for improvement were identified. These concerned in particular, awareness among clients of the Department's *Client Service Charter*, the timeliness of consultations with interested parties and the speed of decision making in relation to grant applications.

The EMG has considered the results of the survey and will implement the report's recommendations during 2004–05 to ensure the Department is continually improving its service to its clients. In addition the Department will introduce trend analysis of survey results in the 2004–05 annual report.

Table 3.2 Outcomes of 2003–04 Client Service Survey

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent) – %
Communication with clients – quality	Courteousness	99
	Willingness to assist clients	98
	Responsiveness	96
	Fair treatment	97
	Advice that is clear, concise and complete	96
	Technical/professional competence in providing advice	97
	Sensitivity to diversity issues	97
Telephone dealings with clients	Availability of staff to take telephone calls during the day	98
	Staff identify themselves by name and/or work area	99
	Ability of staff to deal with clients' inquiries	96
Email dealings with clients	Responding to clients' inquiries as soon as possible	96
	Satisfactory responses to inquiries	98
Written inquiries	Speed of responses to clients' inquiries	93
	Keeping clients informed of the progress of their inquiries	90
	Providing further contact details for follow-up	94
Administration of grants programs	Grant programs are adequately publicised	89
	Publicising how to apply for grants within programs	91
	Equitable access to grant programs	88
	Fair administration of grant programs, in accordance with relevant guidelines, criteria, regulations or legislation	92
	The speed of decision making in relations to grant applications	81
Development and review of policy and legislation	Consultation with interested parties in good time	87
	Using appropriate processes to establish the lines of consultation	91
	Inclusion of those likely to be affected by changes in policy or legislation, in the consultative process	92
	Breadth of the consultation process	90

## Management of human resources

In August 2001, the Department outsourced the provision of all Human Resource (HR) services to The Empower Group. The contract is for three years (September 2001–September 2004) with the option for a two year extension. A formal review in June 2003 concluded that the contract had not delivered the benefits envisaged and recommended that the Department re-test the market.

In December 2003, the Department endorsed a new service delivery model for HR services. The core of the model is the strategic repositioning of the Department's HR services delivery. This includes bringing the responsibility and accountability for the Department's HR service delivery back within the Department as well as the functions of strategic advice, recruitment and operational management.

The remaining services of payroll and leave administration were market tested during the second half of 2003–04 by an open tender process and a new services agreement was signed on 2 July 2004 with United KFPW for four years, with an option for a two-year extension.

The implementation of the in-house capability required under the new model is underway. The Department is working towards the transition to the new services provider, for leave and payroll administration, by the end of September 2004.

The focus of HR management in 2003–04 has been on staff development, occupational health and safety management and the development of a new Certified Agreement.

## Workforce planning

As with other Australian Public Service (APS) agencies, workforce planning is becoming an increasingly critical issue for the Department especially with regard to succession planning and appropriate use of training and development resources. The emphasis for the year has been on the collection and analysis of workforce data and, as part of the implementation of the new HR model, new resource arrangements have been put in place to develop a more systematic approach to workforce planning in the coming year.

## Graduate program

The Department has a comprehensive Graduate Program each calendar year which has proved to be a valuable source of higher level recruits. The 2003 Graduate Program involved 14 graduate recruits and ten graduates were recruited for the 2004 program from a national advertising campaign. A further three graduates from the former National Office for the Information Economy (NOIE) joined the Department in April 2004.

The program involves three development placements within the Department, a significant development program and the availability of a mentor network. Graduates are offered a wide range of learning opportunities throughout the year ranging from core APS skills, through to more complex writing, policy development, project and program management skills, and guidance on working with Ministers and their offices.

### Staffing overview

At 30 June 2004, there were 696 ongoing and non-ongoing staff members compared with 607 at 30 June 2003. This figure represents a 14.66 per cent increase in the overall number of staff in the Department since last year's report. The variation is largely the result of the transfer of the Information Economy function from the former NOIE to the Department on 8 April 2004.

Additional staffing details can be found at Appendix 3.

### Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and that enables staff to contribute to their full potential. The Department's Workplace Diversity Plan and its companion Eliminating Workplace Harassment Plan were finalised during the year and will be released in early 2004–05. The plans outline complementary initiatives that will assist the Department to build a harmonious, productive and rewarding workplace.

The implementation of the plans' strategies will be monitored by the workplace diversity and harassment committee. This is supported by the Department's workplace diversity and harassment contact officers who are responsible for promoting the benefits of diversity and providing advice and support to management and staff on workplace harassment matters.



*The Department's 2004 Graduate Administrative Assistants with the Secretary, Helen Williams.*

Full details of departmental workplace diversity statistics are provided in Appendix 3.

In summary, women represented 58 per cent of total staff as at 30 June 2004, slightly higher than the APS average of 53.7 per cent as at June 2003<sup>14</sup>. The Department also compares well against the APS average for total women in the SES with 32 per cent of women in the SES in the Department compared to 30.4 per cent APS-wide<sup>15</sup>.

Of the 78 per cent of staff who volunteered diversity data, an increase of eight per cent from 2003–04, 37 per cent identified themselves as being from diverse cultural and linguistic backgrounds, a significant increase from 2002–03. Less than one per cent of staff identified themselves as being of Aboriginal and Torres Strait Islander background, a decrease from one per cent in 2002–03, and one per cent as having a disability, remaining stable with 2002–03. In comparison with average APS statistics, the Department compares well in relation to staff from a diverse cultural and linguistic background but not as well in relation to staff of Aboriginal and Torres Strait Islander background or staff with a disability<sup>16</sup>.

## Certified Agreement

A new Certified Agreement was developed in consultation with staff and unions.

The Agreement was certified by the Australian Industrial Relations Commission on 28 June 2004 and has a nominal expiry date of 30 June 2007.

The Agreement ballot achieved a 75.8 per cent participation rate and a 92 per cent 'Yes' vote.

The new Agreement provides a four per cent salary increase across all classifications on 1 July 2004. A further two per cent salary increase is effective from 1 July 2005 and 1 July 2006, with an additional two per cent salary increase also available on 1 July 2005 and 1 July 2006 subject to the achievement of the four specified pre-conditions outlined below. Achievement of each pre-condition will qualify staff for a further 0.5 per cent increase to base salary. Achievement of the pre-conditional components will be monitored by the Workplace Consultative Committee (WCC) throughout the term of the Agreement.

### *Pre-condition 1*

Requirement for 95 per cent of eligible staff to complete mid-cycle performance reviews by 13 December 2004, 2005 and 2006.

### *Pre-condition 2*

Requirement for 95 per cent of eligible staff to complete end-of-cycle performance reviews by 31 May 2005 and 2006.

### *Pre-condition 3*

Requirement for 95 per cent attendance at scheduled training courses by staff who nominate for such courses.

### *Pre-condition 4*

Requirement for a demonstrated commitment to adoption of IT initiatives, including the introduction of the records management system, TRIM, participation in TRIM training and the reduction of data holdings during the period 1 July 2004 to 30 June 2005 and 1 July 2005 to 30 June 2006.

<sup>14</sup> *State of the Service Report 2002–03*, page 6

<sup>15</sup> *State of the Service Report 2002–03*, page 7

<sup>16</sup> *State of the Service Report 2002–03*, chapter 8

Funding of the Agreement will be achieved through the productivity gains and direct savings flowing from achievement of the pre-conditional components together with benefits gained from moving to a three year Agreement.

When used in the 2002–04 Agreement, the pre-conditional components relating to the performance management system proved to be both a useful incentive for staff and an effective tool for management in achieving high levels of participation in the system. This, in turn, ensured that performance discussions and identification of development needs was uniformly undertaken across the Department.

The training pre-condition is both a cost saving and a productivity improvement. The Department runs a comprehensive training calendar throughout the year. The cost of providing this program is significant and there are obvious savings if courses are fully subscribed rather than having vacancies due to non-attendance which cannot be utilised by other staff. Participation in developmental training and career progression programs identified through the performance management process assists in improvements to individual and agency productivity.

The fourth pre-condition requires participation in the records management system (TRIM) training which will aid in the utilisation of the TRIM system and better use of electronic records management technology within the Department. In addition to the TRIM initiatives, the Department is reviewing and reducing electronic data holdings which will improve the efficiency of the IT network.

In preparation for the 2004–07 Agreement, the WCC established a series of sub-committees to identify, research and cost initiatives which could be utilised to satisfy the Policy Parameter requirements for Agreement Making in the APS. The Productivity sub-committee will continue to operate during the life of the current Agreement.

## Australian Workplace Agreements (AWAs)

### Senior Executive Service (SES) AWAs and remuneration

All SES staff have remuneration arrangements agreed through an Australian Workplace Agreement (AWA).

Remuneration is determined by the Secretary, having regard to individual capacity and job requirements. The AWAs are comprehensive and generally include performance pay, superannuation, executive vehicle, and development provisions.

### Non-SES AWAs

As at 30 June 2004, there were 80 non-SES staff on AWAs. Combined with SES, this represents a total of 16.26 per cent of staff on AWAs. The increase, from 14 per cent last year, is largely due to take-up of the EL2 collective AWA with 67 per cent of staff at that level on an AWA.

Non-SES AWAs tend to be single issue agreements with access to performance-based pay, salary, allowances and/or non-salary items. Non-salary items might include access to designated car parking, participation in significant development

opportunities or a slight variation to working arrangements. Terms and conditions of employment are drawn from the Department's Certified Agreement.

## Performance payments

Movement through classification salary ranges is dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and performance is assessed as being at least 'Good'.

One-off performance bonus payments are only available to staff who are party to an AWA. Determination of the bonus amount is dependent on a performance assessment outcome of 'Very Good' or 'Outstanding'. Actual payments are determined with regard to the performance outcome and the sliding scale of payment outcomes provided by the AWA.

## Key staff development strategies

The Department has continued to develop a comprehensive training calendar for all staff based on departmental capability requirements and personal development plans. The training and development calendar for 2003–04 included professional development, career development skills and interpersonal skills development courses. There were 97 courses conducted with 1036 participants.

Courses covered a broad range of topics including management and supervision, policy, project, financial and grants management, and a range of APS specific training including OH&S, diversity, eliminating workplace harassment, security awareness, corporate governance and the

APS Values. A number of new programs were identified and delivered which included Internet technology and voice network overview, fraud awareness, stress management, career directions, coaching and mentoring, and working effectively together.

Course evaluations were submitted by 83 per cent of staff of which 71 per cent rated the training programs as very good to excellent.

Course numbers were lower than the previous reporting year as a number of regular courses reached saturation. The training calendar is being revised with a view to introducing a number of new programs in 2004–05.

## Occupational health and safety (OH&S) performance

The major OH&S activity during the year was the introduction of a Health Week initiative, which was conducted from 17–21 November 2003. The event was very successful with more than 500 attendances at sessions with extremely positive feedback received from staff on the content and organisation of the week.

During Health Week, 31 sessions were conducted covering 13 different topics. Sessions ranged from physical activities including volleyball, walking, and yoga to individual health checks, and seminars presented by health professionals. As a result of the positive feedback from staff, the Department is planning a similar program in 2004–05.

The OH&S Committee continued to be very active during the year. Issues discussed



at meetings included follow up on the safety inspections conducted on all sites, including Old Parliament House and the review of OH&S related policies.

Ongoing initiatives include the:

- provision of OH&S representatives and First Aid Officers at all departmental locations;
- management of issues such as return to work, rehabilitation and workstation assessments for the Department by SRC Solutions; and
- the provision of a contracted Employee Assistance Program (EAP) Provider for all staff. This service can be accessed free of charge to the staff member, to deal with any issues which disrupt their life at work and/or home.

There were no incidents requiring notice to be given under section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* in 2003–04. There were no investigations conducted and no directions or notices were issued under sections 29, 45, 46 or 47.

## Information technology

Following an open Request for Tender (RFT), released in May 2003, the contract for the delivery of the Department's Information Technology (IT) services was awarded to Kaz Technology Services. The contract was signed on 17 September 2003 and is for a period of three years from the date of handover from the former services provider, Telstra Enterprise Services. The transition of services, including the simultaneous deployment of a new Standard Operating Environment, took place on 13 April 2004.

A tender for the provision of voice services was undertaken during the same period and a contract for an initial three year period was signed with Macquarie Corporate Communications (MCT) on 17 September 2003. Voice services were successfully transferred from Telstra Enterprise Services on 30 June 2004.

An indicative cost of the contracts is \$4.275 million for IT services and \$832 000 for voice services. These figures are for the initial three-year period of base services only and do not include transition in, project related, call volume, or other miscellaneous costs.

During the year, a SAP re-modelling project was undertaken with the objective of re-structuring the Chart of Accounts to allow greater reporting flexibility, and to enhance functional capacity in other areas such as budgeting. The development work was conducted by CSC Australia under a work order arrangement in accordance with the terms and conditions of the current service contract for SAP support. The redevelopment commenced in February 2004 and was completed and accepted on time for the commencement of the 2004–05 financial year.

Changes in the Department's requirements for web services delivery combined with the additional requirements stemming from the Department's acquisition of functions from the former NOIE led to a re-evaluation of the web delivery infrastructure.

A recommendation to replace the web content management system with an open source solution at the expiration of the current contracted arrangements was endorsed by the IMC and by EMG.

A project was initiated to implement the new arrangements by the end of 2004.

IMC met quarterly to provide advice and strategic direction in the management of the Department's information needs and to review ongoing status reports on the progress of approved IT projects. The committee was also convened for three additional special meetings to provide closer guidance and oversight of the IT and voice services market testing processes.

## Legal services

During the year, internal legal advice for the Department was provided by the Legal Group and supplemented by advice from external sources, predominantly from the Australian Government Solicitor.

In June 2004 the Department invited, by public tender, firms to register as legal service providers to the Department.

The Contracts Unit within the Legal Group provided procedural advice relating to the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

The Legal Group also performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, Freedom of Information (FOI) requests and privacy issues. A total of 14 FOI requests were received during the year.

The Legal Group assisted in preparing ten Bills which were passed or introduced and six Statutory Rules which were made during the year. The Legal Group drafted 12 other subordinate statutory instruments, and a number of appointment instruments.

Major legislation requiring significant input from the Legal Group during the year is set out overleaf.



*Members of the Legal Group.  
Left top right:  
Amy Nichol,  
Dianne Betts,  
Michael Honan  
and Frances  
Forrest.*



***Australian Sports Drug Agency Amendment Act 2004***

This Act amended the *Australian Sports Drug Agency Act 1990* in order that the Australian Sports Drug Agency could perform particular functions required as a result of the introduction of World Anti-Doping Code.

***Postal Services Legislation Amendment Act 2004***

This Act amended the *Australian Postal Corporation Act 1989* and the *Trade Practices Act 1974* to address various postal regulatory issues.

***Communications Legislation Amendment Act (No. 1) 2004***

This Act improved administrative arrangements relating to telecommunications interception, in response to the *Review of the Longer-Term Cost-Effectiveness of Telecommunications Interception*, and enhanced national security by strengthening Commonwealth powers in relation to carrier licensing.

***Telstra (Transition to Full Private Ownership) Bill 2003***

This Bill provides for the sale of the remaining Government shareholding in Telstra.

***Broadcasting Services Amendment (Media Ownership) Bill 2002***

This Bill amends the *Broadcasting Services Act 1992* to repeal the media specific foreign ownership restrictions and to allow for exemptions from cross-media ownership rules.

***Broadcasting Services Amendment (Anti-Siphoning) Bill 2004***

This Bill amends the anti-siphoning scheme to extend the automatic de-listing period from six weeks to 12 weeks. This Bill relates to the reforms made by the Broadcasting Services (Events) Notice (No. 1) 2004.

***Broadcasting Services (Events) Notice (No. 1) 2004***

This instrument revoked and remade the previous anti-siphoning list, and provided a revised list of events for the period commencing on 1 January 2006 and ending on 31 December 2010.

***Premium Service Determination 2004 (No. 1)***

This determination specifies premium short messaging services (SMS), multimedia messaging services (MMS) and mobile services supplying proprietary network content as 'premium services' for the purposes of the Telecommunications Regulations 2001.

***Australian Communications Authority (Service Provider Determination) Direction 2004 (No. 1)***

This direction requires the Australian Communications Authority (ACA) to make a service provider determination in relation to the provision of information to consumers of premium services, and to investigate and report to the Minister on industry action to improve credit management processes in relation to a wide range of telecommunications services, including premium rate services.

***Australian Communications Authority  
(Service Provider Determination) Direction  
2004 (No. 2)***

This direction requires the ACA to make a service provider determination to:

- prohibit the supply of material classified 'X' or 'RC' on premium rate mobile services (SMS, MMS or proprietary network services);
- require adult MMS (containing 'MA' or 'R' rated content) and adult SMS (sex services) to be provided only on number ranges to be specified by the ACA; and
- put in place appropriate measures to restrict access to premium rate mobile services that include adult content.

The Legal Group provided advice and assistance to Divisions on a range of issues during the negotiation of the AUSFTA and the drafting of the amendments relating to copyright in the *US Free Trade Agreement Act 2004*.

The Legal Group also took an active role in the ANAO's audit of freedom of information administration.

During the year, the Ombudsman commenced a cross-agency investigation into freedom of information administration. The Department is included in that investigation.

## Purchasing

The Department's purchasing processes are consistent with the requirements of the Commonwealth Procurement Guidelines (CPGs) issued by the Department of Finance and Administration and are amended from time to time. The Department promotes SMEs

as well as Australian and New Zealand supplier participation in its procurement practices.

## Consultants

The Department's policies on the selection and engagement of consultants are based on the CPGs, the CEIs, and Government policies. The Department complies with all Government legislation, policies and guidelines relating to procurement.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by giving Divisions responsibility for developing requirements and managing contracts. However, important checking and control mechanisms are in place. A senior officer in the relevant Division must approve any consultancy contract, and the Legal and Contracts area provides, on request, advisory and administrative support to project officers who are involved in contracting.

The Department's selection procedures are based on contract value, market conditions, and the nature of the particular requirement. Major contracts are usually offered publicly, by advertising on the AusTender website and in the press. Consultancies of a lower value are routinely arranged through restricted tender processes. Where market conditions or other special circumstances make it appropriate, the Department may enter into consultancies without competitive tendering.

Consultants are engaged for a wide variety of purposes in the Department. They are typically engaged to provide complex

professional services that the Department does not have the ability to perform in-house. These services include matters such as technical advice, financial advice and specialised information technology services.

In 2003–04, the Department and the former NOIE:

- entered into 158 consultancy contracts; and
- incurred a total expenditure on consultancy services of \$7 255 324.

These figures include:

- contracts let by the former NOIE which relate to functions or programs that were transferred to the Department on 8 April 2004; and
- expenditure on those contracts during the year by both NOIE and the Department.

Further details are provided in the consultancy list available on the Department's website [www.dcita.gov.au](http://www.dcita.gov.au).

## Competitive tendering and contracting

Contracted service providers deliver a range of services to the Department. The Department's objectives in outsourcing such services are to obtain value for money, encourage innovation and improve accountability and performance in the service delivery process, in line with the CPGs.

Current departmental contracts with service providers worth \$100 000 or more are listed in table 3.3.

### Exempt contracts

There are no current contracts in excess of \$2000 (inclusive of GST) or standing offers that have been exempted by the Secretary from being published in the Purchasing and Disposal Gazette on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Table 3.3 Contracts over \$100 000

Contractor	Nature of services	Contract period
The Empower Group Pty Ltd	Human resource management services	September 2001 to September 2004
KAZ Technology Services Pty Ltd	IT&C services	September 2003 to April 2007 (for services from April 2004)
Macquarie Corporate Telecommunications Pty Ltd	Voice communications services	September 2003 to June 2007 (for services from July 2004)
Fujitsu Australia Ltd	Website redevelopment	December 2000 to September 2004
Recall Total Information Management	Archival and disposal services for records	October 2001 to December 2004

## Financial management

The primary focus for the Finance and Budgets Group during 2003–04 has been on business improvement. The Department continues to make improvements in the quality and presentation of the monthly financial data that is available to the Secretary, Executive and divisions for evaluation and monitoring purposes.

End-of-month processes have been tightened for business and accrual accounting purposes. This includes ongoing improvements to the capture of end of month accrual information and review processes. Increased assistance has been provided to staff in operational areas to upgrade information recording. In addition, specific in-house coordinated departmental training programs on internal financial and budgetary awareness continue to be provided on a regular basis to raise the level of financial skills of staff.

The Department's Financial Management Information System (FMIS) was further developed to provide greater flexibility and to enhance reporting to clients and the Department of Finance and Administration. This included implementation of changes to the Chart of Accounts to better align the FMIS to organisational and outcome and output structures. The changes will take effect from 1 July 2004 and refinement of the redevelopment will continue in 2004–05 including consideration and possible implementation of a reporting tool to provide additional flexibility for management and external reporting.

The Department has put considerable effort into the effective implementation of the Budget Estimates and Framework Review recommendations including the development of monthly estimates for external reporting, meeting earlier deadlines for external estimates updates,



*Finance & Budget Group members. Left to right: Maisie Minikin, Cassandra Askerlund, Ravi Ravishanker and Robert Davey.*

improvements in areas of increased reporting (cash and accrual) to the Department of Finance and Administration, and just-in-time banking drawdowns.

As well as the improvements mentioned above, business processes generally continued to be reviewed and improved to strengthen departmental financial management and decision making. This included the publication of an internal *Finance and Budgets User Guide* addressing finance and budget procedures and processes for departmental staff, as well as the initial planning for the implementation of Australian Equivalents to the International Financial Reporting Standards, to apply from 2005–06.

Financial management changes associated with the integration of the former NOIE staff and functions into the Department were successfully achieved. Preliminary work was undertaken on the integration of new service delivery arrangements for Indigenous Affairs previously delivered by the Aboriginal and Torres Strait Islander Commission (ATSIC) and Aboriginal and Torres Strait Islander Services (ATSIS).

The Department received an unqualified audit report in respect to its financial statements for the 2002–03 financial year.

The Department's revenue for 2003–04 totalled \$130.327 million, as identified in table 3.4.

At the end of 2003–04, the Department recorded a \$31.774 million surplus. This surplus is predominantly related to appropriation revenue of \$22 million relating to ScreenSound Australia (SSA), which was transferred to the Australian Film Commission (AFC) via equity, and commitments for 2004–05.

## Asset management

### Departmental

The Department manages both current and non-current assets in accordance with guidelines set out in the CEIs and Australian Accounting Standards.

### Artbank

Artbank's assets are predominantly artworks, consisting of nearly 9200 works valued at \$23.5 million. Artbank operates from leased premises in Sydney.

As the national art rental scheme, more than 60 per cent of Artbank's collection is on display with clients throughout Australia and overseas at Australian Embassies and High Commissions. The Artbank collection is managed through an ongoing conservation strategy.

Table 3.4 2003–04 departmental revenue

Revenue item	2003–04 result \$m	% of total revenue
Revenue from Government	120.909	92.77
Sales of goods and services	5.879	4.51
Interest	0.079	0.06
Disposal of assets	0.069	0.05
Other revenue	3.391	2.60
<b>Total</b>	<b>130.327</b>	<b>100.00</b>

### **National Portrait Gallery (NPG)**

The NPG, which is located within OPH and with a temporary display facility at Commonwealth Place in the ACT, currently has a permanent collection that is valued at approximately \$12 million. The collection is housed on the OPH site with those items not on display stored in specialist climate and humidity controlled facilities.

### **Other assets**

The Department has leasehold improvements and furniture and fittings valued at \$7.3 million. During 2003–04, a number of fit-outs and refurbishments were undertaken at leased premises at 38 Sydney Avenue, 44 Sydney Avenue, and 28 National Circuit in Forrest, ACT. These included:

- refit of all Department conference rooms;
- refurbishment of the executive area;
- lease and fit-outs of Level 1, 44 Sydney Avenue;
- numerous minor fit-outs throughout 38 Sydney Avenue; and
- re-assignment of the lease at MTAA House to the Defence Housing Authority.

The Department also has software, computer and office equipment valued at \$2.7 million. These assets are managed in accordance with the Department's *Information and Communications Technology Strategic Plan 2003–05*.

### **Administered**

#### **Old Parliament House (OPH)**

Asset management is integral to the operation of OPH.

The OPH building is valued at \$45.5 million, with a replacement cost of \$110.5 million. OPH houses a significant collection of furniture associated with the building and its history, valued at \$2.7 million. Most of the collection is housed on-site with those items not currently on display or in use in public areas of the building kept in standard storage conditions.

The building is conserved in accordance with the OPH Conservation Management Plan 2000 and specific heritage studies that are undertaken for major projects. These ensure that the heritage values of the building are preserved while the public is also able to access the site. OPH is also being refurbished and maintained in accordance with its long term *Capital Works Plan*, *Fire Safety Strategy* and *Services Strategy*.

#### **National Institute of Dramatic Art's (NIDA) building**

NIDA's current facilities are owned by the Commonwealth. Stage 1, completed in 1988, consists of two theatres, five rehearsal rooms, carpentry workshops, props and costume facilities, lecture rooms and administration offices. Stage 2, an award-winning building funded under the Federation Fund and opened by the Prime Minister in October 2001, includes a 730-seat theatre, 120-seat studio, soundstage, library and additional rehearsal rooms.

The building is valued at \$36.7 million with a replacement cost of \$60.6 million. NIDA manages the building on the Government's behalf and a ten-year *Asset Management Plan* for the site was completed in December 2003.



## Appendices

- 1 – Portfolio agency contact details
- 2 – Parliamentary committees
- 3 – Staffing statistics
- 4 – Report on performance in implementing the Commonwealth Disability Strategy
- 5 – Freedom of information
- 6 – Advertising and market research
- 7 – Discretionary grants
- 8 – Ecologically sustainable development and environmental performance
- 9 – Networking the National Annual Report



# APPENDIX 1

## Portfolio agency contact details

### **Australia Business Arts Foundation Ltd**

Tel: 03 9616 0300  
 Fax: 03 9614 2550  
[information@abaf.org.au](mailto:information@abaf.org.au)  
[www.abaf.org.au](http://www.abaf.org.au)

### **Australia Council for the Arts**

Tel: 02 9215 9000  
 Fax: 02 9215 9111  
[mail@ozco.gov.au](mailto:mail@ozco.gov.au)  
[www.ozco.gov.au](http://www.ozco.gov.au)

### **Australian Broadcasting Authority**

Tel: 02 9334 7700  
 Fax: 02 9334 7799  
[www.aba.gov.au](http://www.aba.gov.au)

### **Australian Broadcasting Corporation**

Tel: 02 8333 1500  
 Fax: 02 8333 5305  
[www.abc.net.au](http://www.abc.net.au)

### **Australian Communications Authority**

Tel: 02 6219 5555  
 Fax: 02 6219 5353  
[www.aca.gov.au](http://www.aca.gov.au)

### **Australian Film Commission**

Tel: 02 9321 6444  
 Fax: 02 9357 3737  
[info@afc.gov.au](mailto:info@afc.gov.au)  
[www.afc.gov.au](http://www.afc.gov.au)

### **Australian Film, Television and Radio School**

Tel: 02 9805 6611  
 Fax: 02 9887 1030  
[info\\_nsw@aftrs.edu.au](mailto:info_nsw@aftrs.edu.au)  
[www.aftrs.edu.au](http://www.aftrs.edu.au)

### **Australian Government Information Management Office**

Tel: 02 6271 1777  
 Fax: 02 6271 1563  
[www.agimo.gov.au](http://www.agimo.gov.au)

### **Australian National Maritime Museum**

Tel: 02 9298 3777  
 Fax: 02 9298 3780  
[www.anmm.gov.au](http://www.anmm.gov.au)

### **Australian Postal Corporation**

Tel: 03 9204 7171  
 Fax: 03 9663 1160  
[www.auspost.com.au](http://www.auspost.com.au)

### **Australian Sports Commission**

Tel: 02 6214 1111  
 Fax: 02 6251 2680  
[asc@ausport.gov.au](mailto:asc@ausport.gov.au)  
[www.ausport.gov.au](http://www.ausport.gov.au)

### **Australian Sports Drug Agency**

Tel: 02 6206 0200  
 Fax: 02 6206 0201  
[asda@asda.org.au](mailto:asda@asda.org.au)  
[www.asda.org.au](http://www.asda.org.au)

### **Australian Sports Foundation Limited**

Tel: 02 6214 7868  
 Fax: 02 6214 7865  
[info@asf.org.au](mailto:info@asf.org.au)  
[www.asf.org.au](http://www.asf.org.au)

### **Bundanon Trust**

Tel: 02 4423 5999  
 Fax: 02 4422 7190  
[www.bundanon.com.au](http://www.bundanon.com.au)

**Film Australia Limited**

Tel: 02 9413 8777

Fax: 02 9416 5672

[www.filmaust.com.au](http://www.filmaust.com.au)**Film Finance Corporation Australia Limited**

Tel: 02 9268 2555

Toll free: 1800 653 826

[ffc@ffc.gov.au](mailto:ffc@ffc.gov.au)[www.ffc.gov.au](http://www.ffc.gov.au)**National Archives of Australia**

Tel: 02 6212 3600

Fax: 02 6212 3699

[archives@naa.gov.au](mailto:archives@naa.gov.au)[www.naa.gov.au](http://www.naa.gov.au)**National Gallery of Australia**

Tel: 02 6240 6502

Fax: 02 6240 6529

[information@nga.gov.au](mailto:information@nga.gov.au)[www.nga.gov.au](http://www.nga.gov.au)**National Library of Australia**

Tel: 02 6262 1111

Fax: 02 6257 1703

[www.nla.gov.au](http://www.nla.gov.au)**National Museum of Australia**

Tel: 02 6208 5000

Fax: 02 6208 5099

[information@nma.gov.au](mailto:information@nma.gov.au)[www.nma.gov.au](http://www.nma.gov.au)**NetAlert Limited**

Tel: 03 6234 3312

Fax: 03 6234 1430

[www.netalert.net.au](http://www.netalert.net.au)**Special Broadcasting Service**

Tel: 02 9430 2828

Fax: 02 9430 3700

[www.sbs.com.au](http://www.sbs.com.au)**Telstra Corporation Limited**

Tel: 1300 368 387

Fax: 03 9634 3958

[www.telstra.com](http://www.telstra.com)

## APPENDIX 2

### Parliamentary committees

The Department's involvement in the following Parliamentary committees ranged from preparing or providing input to Government responses, appearing before and/or making written submissions to the committees.

#### Senate Select Committee on Information Technologies

##### *In the Public Interest – Monitoring Australia's Media*

**Tabled: 13 April 2000**

**No Government response as at 30 June 2004**

The Government deferred responding to this report while the Australian Broadcasting Authority's investigations into the disclosure requirements of commercial radio broadcasters continued. The Government is currently preparing its response and expects to respond during 2004–05.

#### House of Representatives Standing Committee on Communications, Transport and the Arts

##### *Local Voices: Inquiry into Regional Radio*

**Tabled: 24 September 2001**

**Government response: 9 September 2003**

The Government's response outlined initiatives since the release of the

Committee's report aimed at improving access to radio services in regional and remote Australia. These include the introduction of a Commercial Radio Black Spots program, and a request that the Australian Broadcasting Authority (ABA) conduct a review of the planning and licensing framework for remote commercial radio services including whether the provision of commercially viable services is feasible under the current arrangements.

In relation to content and the provision of local news and information services by commercial radio broadcasters, the Government noted the Committee's recognition that achievement of such objectives has to be considered in light of a changing broadcasting environment and broadcaster concerns about commercial viability. The Government, however, remains committed to localism in regional radio and television.

The Broadcasting Services Amendment (Media Ownership) Bill 2002 [No.2] (the Bill) currently before Parliament places local news requirements on regional radio broadcasters granted an exemption from the ownership and control provisions of the *Broadcasting Services Act 1992*. Regional radio broadcasters will be required to maintain existing levels of local news and information, or where these are already less than the prescribed minimum, broadcast a minimum number of bulletins each week which adequately reflect matters of local significance.

The Bill also strengthens safeguards for local radio services by prohibiting contracts and arrangements which limit or restrict the program format of commercial radio services. The amendments are designed to address a situation where contractual limitations on the program format of a commercial radio service reduce competition for audience and advertisers.

The Minister has issued a general direction to the ABA to revisit licence area plans in markets where the on-sale of a licence has resulted in a reduction in the number of services of broad general appeal, with a view to issuing an additional commercial radio licence.

House of Representatives  
Standing Committee on  
Communications, Information  
Technology and the Arts

### ***Connecting Australia! Wireless broadband***

**Tabled: 11 November 2002**  
**No Government response as at 30 June 2004**

The House of Representatives Standing Committee on Communications, Information Technology and the Arts' Inquiry into Wireless Broadband Technologies was established on 24 March 2002. The purpose of the Inquiry was to investigate and report on the current and potential use of wireless technologies to provide broadband communication services in Australia, including regional Australia. The Committee released its report, *Connecting Australia! Wireless Broadband*, on 11 November 2002.

### ***From reel to unreal: Inquiry into the future opportunities for Australia's film, animation, special effects and electronic games industries***

**Tabled: 21 June 2004**  
**No Government response as at 30 June 2004**

This report examines the future opportunities for Australia's film, animation, special effects and electronic games industries.

Senate Environment,  
Communications, Information  
Technology and the Arts  
References Committee

### ***Libraries in the online environment***

**Tabled: 16 October 2003**  
**Government response: 2 July 2004**

The Inquiry covered a wide range of matters relating to libraries and online services. The main focus of the report was on the needs of public libraries and their users, the role of the National Library of Australia (NLA) in online information and service delivery to Australians and the potential for the Government to support that role.

The Government response considered that the principles this Inquiry promoted are being pursued, particularly those matters relating to national information strategies. While the Government does not have direct responsibility for public libraries, through a number of mechanisms including support for the NLA, the Department, AGIMO, and support of the Cultural Ministers Council, the Government collaborates with state and territory governments and peak library

groups on issues affecting the sector. The Government response especially encourages cross-sectoral approaches to effect solutions.

### ***Inquiry into Competition in Broadband Services***

#### **The report is yet to be tabled**

On 10 March 2004, representatives of the Department appeared before the Committee. In response to questions from the Committee, information was provided on the design and operation of the Higher Bandwidth Incentive Scheme, and the Internet Assistance Program.

The former National Office for the Information Economy (NOIE) appeared before the Committee on 30 March 2004 and provided a written submission on 7 April 2004.

### **Senate Environment, Communications, Information Technology and the Arts Legislation Committee**

#### ***Provisions of the Communications Legislation Amendment Bill (No. 2) 2003***

##### **Tabled: 15 September 2003**

The Department attended hearings for this Inquiry on 5 September 2003 and subsequently made a written submission.

The Committee supported the Bill but suggested that the Government consider clarifying whether or not the Bill is intended to apply to carriers and carriage service providers as well as individuals, or only to carriers and carriage service providers and not individuals. This suggestion was

addressed during the passage of the Bill through Parliament.

The *Communications Legislation Amendment Act (No. 1) 2004* came into effect on 21 April 2004. The Act amends the *Telecommunications Act 1997*, the *Australian Security Intelligence Organisation Act 1979* and the *Administrative Decisions (Judicial Review) Act 1977* to enhance the security of Australia's telecommunications services and networks, and to improve arrangements for the provision of assistance to law enforcement agencies by telecommunications carriers and carriage service providers.

#### ***Provisions of the Telstra (Transition to Full Private Ownership) Bill 2003***

##### **Tabled: 27 October 2003**

The Department made a joint written submission to this Inquiry with the Department of Finance and Administration and appeared before the Committee on 7 October 2003.

The issues raised in the report of the Committee were discussed during the debate of the Bill in the Senate on 27–30 October 2003 and 29–30 March 2004.

The Bill, which would have enabled the Government to sell its remaining shareholding in Telstra, failed to pass the Senate on 30 October 2003. The Government reintroduced the Bill into Parliament on 4 March, but it failed to pass the Senate for the second time on 30 March 2004.

### ***Provisions of the Spam Bill 2003 and the Spam (Consequential Amendments) Bill 2003***

**Tabled: 29 October 2003**

The Department appeared before the Committee's public hearing on the Spam Bill 2003 and the Spam (Consequential Amendments) Bill 2003 in Canberra on 23 October 2003. The Committee recommended that the Bills not be amended.

The prohibition provisions in the *Spam Act 2003* came into effect on 10 April 2004.

### **Joint Standing Committee on Treaties**

#### ***Australia–United States Free Trade Agreement.***

**Tabled: 23 June 2004 No Government response as at 30 June 2004**

The Department appeared before the Committee at hearings on 2 April and 14 May 2004.

#### ***Report 60 – Treaties tabled on 2 March 2004***

**Tabled: 16 June 2004 No Government response as at 30 June 2004**

The Department gave evidence to the Committee.

### **Joint Standing Committee on the National Capital and External Territories**

#### ***Inquiry into Pay Parking in the Parliamentary Zone***

**Tabled: 13 October 2003 No Government response as at 30 June 2004**

OPH and the NPG made a written submission to the Inquiry and appeared at public hearings. Representatives of OPH, the NPG and the Old Parliament House Volunteers' Committee appeared before the Inquiry's public hearings on 9 May 2003.

### **Joint Committee on Foreign Affairs, Defence and Trade**

#### ***Inquiry into Expanding Australia's Trade and Investment Relationship with the Countries of Central Europe***

**Tabled: 15 September 2003**

**Government response: 14 May 2004**

The Department did not make a submission to the Inquiry.

The core recommendation of relevance to the Communications portfolio (Recommendation 14), was that the Minister for Communications, Information Technology and the Arts gives priority to leading a trade mission to central Europe focused on e-government and e-commerce service exports.

The Government response noted that it sees the ICT sector and related e-government developments in Central Europe as a priority for commercial export development. The organisation of an e-government mission to Poland and the Czech Republic in October 2002 yielded positive results as has an Austrade-funded consultancy assignment to assist the Romanian and Bulgarian governments develop an e-government strategy. In line with this, appropriate opportunities for Ministerial-led missions to the region to support export growth and profile Australia's ICT capabilities in both the public and private sectors will continue to be monitored and assessed.

### ***Inquiry into Australia's Relationship with Indonesia***

**Tabled: 31 May 2004    No Government response as at 30 June 2004**

The Department provided a written submission on 31 October 2002 which included contributions from the Department and the Australian Sports Commission, and a supplementary submission on 20 September 2003. The Department attended the public hearing on 5 August 2003.

House of Representatives  
Standing Committee on  
Aboriginal and Torres Strait  
Islander Affairs

### ***Inquiry into Capacity Building in Indigenous Communities***

**Tabled: 21 June 2004    No Government response as at 30 June 2004**

The Department provided a written submission in September 2002. The final report *Many Ways Forward* was tabled on 21 June 2004.

Senate Foreign Affairs, Defence  
and Trade Committee

### ***Inquiry into the Free Trade Agreement between Australia and the United States of America***

**The report is yet to be tabled**

The Department appeared before the Committee on 6, 10 and 18 May and 8 June 2004.

### ***Senate Select Committee on the Free Trade Agreement between Australia and the United States of America***

**Interim report tabled: 24 June 2004**

The Department appeared before the Committee at hearings on 18 May. The Department also provided input to the various questions on notice to the Department of Foreign Affairs and Trade.

Joint Committee of Public  
Accounts and Audit

### ***Inquiry into the Draft Financial Framework Legislation Amendment Bill***

**Tabled 20 August 2003**

**Government response: 26 June 2004**

The Department appeared before the Committee on 7 March 2003 and made written submissions in relation to the provisions of the Exposure Draft Financial Framework Legislation Amendment Bill affecting the Department's Special Accounts.

On 20 August 2003 the Committee tabled Report 395, *Inquiry into the Draft Financial Framework Legislation Amendment Bill* (JCPAA Report 395). The Report made a number of recommendations and conclusions proposing and supporting changes.

On 26 June 2004 the Government tabled its response to the report, agreeing to most of the recommendations and conclusions.

***Review of Auditor-General's Reports, second quarter 2003–04 – Review of Australian National Audit Office Report No. 11 Annual Performance Reporting***

**The report is yet to be tabled**

The Department appeared before the Committee on 24 May 2004 in relation to its involvement in the cross-agency audit on Annual Performance Reporting.

***Review of Auditor-General's Reports – Audit Report No. 24, 2003–04, Agency Management of Special Accounts***

**The report is yet to be tabled**

The Department appeared before the Committee on 21 June 2004.

Senate Employment, Workplace Relations and Education References Committee

***Senate Inquiry on the Progress and Future Direction of Life-Long Learning***

**The report is yet to be tabled**

The Department provided a written submission in June 2004.



## APPENDIX 3

### Staffing statistics

Table 4.1 Full-time and part-time staff – 30 June 2004

Ongoing				Non-ongoing						Total
Full-time		Part-time		Full-time		Part-time		Casual		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
253	313	10	42	23	32	6	12	1	4	696

Note: These figures indicate staff substantively employed by the Department as at 30 June 2004 including temporary reassignment of duties into the agency. These figures include the departmental Secretary.

Table 4.2 Staff by classification groups and location – 30 June 2004

	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC	Total
ACT	38	33	93	80	131	174	99	23	6	3	1	681
NSW	1	2	2	2	1	1	2					11
VIC						2	1	1				4
<b>Total</b>	<b>39</b>	<b>35</b>	<b>95</b>	<b>82</b>	<b>132</b>	<b>177</b>	<b>102</b>	<b>24</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>696</b>

Note: These figures indicate non-ongoing and ongoing staff substantively employed by the Department as at 30 June 2004. Classifications with local designations e.g. Legal and Public Affairs have been subsumed into equivalent APS or EL levels.

Table 4.3 SES staff – 30 June 2004

	Male	Female	Total
SESB1	17	7	24
SESB2	4	2	6
SESB3	2	1	3
<b>Total</b>	<b>23</b>	<b>10</b>	<b>33</b>

Note: These figures reflect nominal occupancy and do not include acting arrangements.

Table 4.4 Staff in EEO groups – 30 June 2004

Male	Female	Total staff 1	DCLB 1&2	ATSI	PWD	Total staff 2
293	403	696	204	2	6	545
42%	58%	100%	37%	0.37%	1.10%	78%

Key to table 4.4 and 4.5:

**Total staff 1:** Ongoing and non-ongoing actual staff, including inoperatives. Percentages of male and female relate to this total.

**DCLB1:** People from diverse linguistic backgrounds (first generation).

**DCLB2:** People from diverse linguistic backgrounds (second generation).

**ATSI:** Aboriginal and Torres Strait Islander peoples.

**PWD:** People with a disability.

**Total staff 2:** Total number of staff who volunteered EEO information. Percentages of EEO statistics relate to this total.

Table 4.5 EEO groups within salary ranges – 30 June 2004

Salary range \$	DCLB1&2	ATSI	PWD	Total
< 37739	3			24
37740–42672	11			26
42673–47846	21		1	72
47847–52116	17	1	2	70
52117–61577	39			90
61578–74529	50	1	1	131
74530–90260	46		1	91
>90 261	17		1	41
<b>Total</b>	<b>204</b>	<b>2</b>	<b>6</b>	<b>545</b>

Note: Includes staff who volunteered EEO information but may have declined to answer some questions (e.g. may have said 'yes' to DCLB1 but chose not to answer on disability)

Table 4.6 Salary range of employees

Classification	Certified Agreement Salary range \$		Australian Workplace Agreement (AWA) Salary range \$	
	lowest	highest	lowest	highest
SES			97 760	173 934
EL2	74 772	92 069	74 772	100 826
EL1	64 861	81 495	70 046	76 822
APS6	51 935	61 602	51 935	53 358
APS5	48 338	52 116	48 388	49 751
APS4	43 403	47 846		
APS3	38 723	41 835		
APS2	34 048	38 493		

Note: Part-time salaries have been annualised to full-time for comparison. Classifications with local designations e.g. Legal and Public Affairs have been subsumed into equivalent APS or EL levels.

Table 4.7 Number of staff on AWAs or Certified Agreement

	<b>Certified Agreement</b>	<b>AWA</b>	<b>Total</b>
<b>SES</b>		33	33
<b>EL2</b>	34	68	102
<b>EL1</b>	168	9	177
<b>APS1–6</b>	380	3	383
<b>Total</b>	582	113	695

Note: Classifications with local designations e.g. Legal and Public Affairs have been subsumed into equivalent APS or EL levels.

Table 4.8 Performance payments

<b>Classification</b>	<b>Number of paid staff</b>	<b>Aggregate amount \$</b>	<b>Average amount \$</b>	<b>Lowest payment \$</b>	<b>Highest payment \$</b>
SES	24	215 318.34	8 971.60	3 092.73*	17 600.00
EL2	40	338 969.48	8 474.24	4 381.60	18 908.23**
EL1	5	32 529.55	6 505.91	1 247.32	10 798.04
APS4–6	2	9 391.76	4 695.88	1 990.04	7 401.72
APS1–3	0	0	0		
<b>Total</b>	<b>71</b>	<b>596 209.13</b>			

\*This figure represents a part-year payment.

\*\*This figure appears high as it includes performance payments for both 2002–03 and 2003–04 which were both paid in 2003–04.

## APPENDIX 4

# Report on performance in implementing the Commonwealth Disability Strategy

## Policy advisor role

<b>Performance indicator</b>	New or revised policy/program proposals assess impact on the lives of people with a disability (PWD) prior to decision.
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### Current level of performance 2003–04

**New policy** Number of new policies: 8  
Percentage documenting impact: 100 per cent  
(2002–03 was 77 per cent)

**Revised policy** Number of revised policies/programs: 8  
Percentage documenting impact: 88 per cent  
(2002–03 was 100 per cent)

<b>Performance indicator</b>	PWD are included in consultation about new or revised policy/program proposals.
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### Current level of performance 2003–04

#### New policy

Number of new policies where PWD were consulted: 5 (62.5 per cent disability specific)

#### Revised policy

Number of revised policies where PWD were consulted: 1 (12.5 per cent disability specific)

<b>Performance indicator</b>	Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats <sup>17</sup> for PWD in a timely manner.
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### Current level of performance 2003–04

- A total of 416 Ministerial media announcements were made during the year with 100 per cent of these announcements available on the Internet in HTML at the time of the announcement. Announcements were also distributed via fax to selected media.
- No requests were received for media announcements in other formats.
- Review of accessibility issues was included in the review of the Department's website publishing guidelines which is continuing in 2004–05.
- Guidelines for planning and producing materials in accessible formats continue to be available on the Department's intranet.

<sup>17</sup> Accessible formats include electronic formats such as ASCII (or .txt) files and HTML for the web. Non-electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

## Regulator role

<b>Performance indicator</b>	Publicly available information on regulations and quasi-regulations is available in accessible formats for PWD. Publicly available regulatory compliance reporting is available in accessible formats for PWD.
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### Current level of performance 2003–04

- Approximately 50 per cent of all publicly available regulatory and quasi-regulatory material is available on the Department's website in HTML format and another format (either RTF or PDF).
- No requests were received for information on regulations and quasi-regulations or for compliance reporting in accessible formats.
- The Department's Regulatory Plan is available on the Department's website.
- Accessibility was identified as a key area in the review of the Department's website publishing guidelines in 2003–04.

## Purchaser role

<b>Performance indicator</b>	Publicly available information on agreed purchasing specifications is available in accessible formats for PWD.
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### Current level of performance 2003–04

**Contracts:** All open tender processes were available online with all tender documentation available in accessible formats. The provision of tender documentation to parties requesting documentation in accessible formats is currently five working days from receipt of the request.

**Grants:** 100 per cent of grant program guidelines available online (those grant programs subject to applications). No requests were received for information in other formats. Other accessible formats available on request.

<b>Performance indicator</b>	Processes for purchasing goods or services with a direct impact <sup>18</sup> on the lives of PWD are developed in consultation with PWD.
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### Current level of performance 2003–04

**Contracts:** The Department has outsourced advice and delivery of services that directly impact on the lives of PWD employed by the Department.

Procurement of goods that directly impact on the lives of PWD employees is carried out in consultation with PWD through a Service Provider and a central area of the Department.

The Department's premises at 38 Sydney Avenue and 28 National Circuit were fitted out in accordance with accessibility standards; a contract for the fit-out for premises at 44 Sydney Avenue was let but not completed in 2003–04. This contract will likewise comply with accessibility standards.

**Grants:** Radio for the print handicapped representative organisations are consulted in relation to grants to the Community Broadcasting Foundation and RPH Australia Coop Ltd.

In 2003–04, the Department consulted with a representative of Arts Access Australia, a major disabilities group involved with the arts, on Playing Australia performing arts touring program guidelines and promotional material. Issues addressed included ways of improving the number of and success of touring applications from companies which promote artists with disabilities and barriers to attendance at performances by PWD.

<b>Performance indicator</b>	Purchasing specifications <sup>19</sup> and contract requirements for the purchase of goods and services are consistent with the requirements of the <i>Disability Discrimination Act 1992</i> .
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#### Current level of performance 2003–04

**Contracts:** 100 per cent of the Department's standard contracts require compliance with relevant legislation including the Disability Discrimination Act 1992. Draft contracts are supplied with all standard requests for tender, so that prospective tenderers are aware of the requirements.

**Grants:** 100 per cent of all funding deeds require compliance with the *Disability Discrimination Act 1992*.

<b>Performance indicator</b>	Publicly available performance reporting against the purchase contract specifications requested in accessible formats <sup>20</sup> for PWD is provided.
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#### Current level of performance 2003–04

**Contracts:** Information is available online in the Commonwealth Purchasing and Disposals Gazette ([www.contracts.gov.au](http://www.contracts.gov.au)) and the Commonwealth Government Advertising page ([www.ads.gov.au](http://www.ads.gov.au)).

Information complying with the requirements of the Order of the Senate for Department and Agency Contracts is on the Department's website ([www.dcita.gov.au](http://www.dcita.gov.au)).

#### Grant programs

100 per cent of the Department's grant program guidelines are available online in accessible electronic format (HTML). No requests were received for information in other formats.

#### General

A review of the Department's website publishing guidelines and the replacement of the website content management system commenced in 2003–04 with accessibility a key issue for consideration.

<b>Performance indicator</b>	Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about provider's performance.
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#### Current level of performance 2003–04

The Department's *Client Service Charter* outlines a formal complaint mechanism, including access to external mechanisms. There were no formal complaints lodged with the Department's complaints officer during the year. The Department's 2004 Client Service Survey identified 29 complaints, of which 55 per cent of the complaint survey respondents thought the complaint had been processed adequately and in accordance with the Department's complaint mechanism.

The Department's website includes a 'feedback' and 'contact us' link.

Grant programs continue to have well established feedback mechanisms. In general, grants program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A 'freecall 1800' telephone service operates for some grant programs as well as generic email addresses which are available for enquiries or as an avenue of complaint.

<sup>18</sup> Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disabilities. It includes the purchase of mainstream goods and services as well as specialist disability services.

<sup>19</sup> Purchasing agreements can include contracts, memoranda of understanding and service level agreements.

<sup>20</sup> Accessible electronic formats include ASCII (or .txt) files and HTML for the web. Non-electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

## Provider role

<b>Performance indicator</b>	Providers have established mechanisms for quality improvement and assurance.
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### Current level of performance 2003–04

The Department's 2004 Client Survey had six clients from a response size of 727 clients identify they had special needs in order to access departmental services. Of these, two clients required online material accessible to PWD and large print format and two clients required TTY services.

#### Snapshot examples:

Culture and Recreation Web Portal (CARP): continues with enhancements to maintain conformance with the Web Content Accessibility Guidelines 1.0 standard at the highest level – a Triple A rating.

Old Parliament House (OPH) and the National Portrait Gallery (NPG): have continued to take into account a range of social justice and equity issues when designing public programs, and educational training of volunteer guides and building access.

<b>Performance indicator</b>	Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for PWD.
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### Current level of performance 2003–04

The Department has a well established *Client Service Charter* which has been in place since 1998. The Department also regularly conducts both internal and external reviews of the Charter, with the next internal review of the Charter due in 2004–05. The Charter addresses accessibility and diversity issues, through the provision of a wide range of contact options, including TTY and through clearly set out Service Standards that include sensitivity to diversity issues.

<b>Performance indicator</b>	Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance.
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### Current level of performance 2003–04

The Department's Client Service Charter outlines a formal complaint mechanism, including access to external mechanisms. There were no formal complaints lodged during the year.

**Snapshot example:** The Cultural and Recreation web portal has a feedback mechanism (a link on every page). Feedback is actively sought from the electronic contributors' newsletter and the OZeCulture newsletter.

## Employer role

<b>Performance indicator</b>	Recruitment information for potential job applicants is available in accessible formats on request.
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### Current level of performance 2003–04

- 100 per cent of recruitment information is available in electronic information on the Internet and intranet.
- Recruitment staff provide information in hard copy, large print or other formats on request.
- Approximately 95 per cent of applicants requested information in accessible electronic formats.
- Approximately five per cent of applicants requested information in other accessible formats.
- Electronic format information has an approximate download time of one minute through a web-based tool. Information provided in non-electronic format is reliant on postal services.

<b>Performance indicator</b>	Agency recruiters and managers apply the principle of reasonable adjustment.
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#### Current level of performance 2003–04

Recruiters and managers have access to the *Disability Discrimination Act 1992* through the Department's intranet link.

<b>Performance indicator</b>	Training and development programs consider the needs of staff with disabilities.
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#### Current level of performance 2003–04

All training and development courses provide facilities that have reasonable access for PWD. Staff with disabilities who book for internal courses are encouraged to discuss their needs with HR Services.

<b>Performance indicator</b>	Training and development programs include information on disability issues as they relate to the content of the program.
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#### Current level of performance 2003–04

The following programs were conducted in 2003–04 and included significant information on disability issues.

- Two half-day programs entitled 'Workplace Equity and Diversity'.
- One Occupational Health and Safety Awareness Program.
- Two APS values session.
- One session on staff selection.
- Two full-day induction programs.
- These programs represent approximately six per cent of total programs offered as part of the Department's Core Training Calendar.

<b>Performance indicator</b>	Complaint/grievance mechanism, including access to external mechanisms, in place to address issues and concerns by staff.
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#### Current level of performance 2003–04

- The Certified Agreement includes provisions for complaint and grievance resolution, including access to external mechanisms.
- HR Services and the Workplace Diversity Contact Officer Network handled a number of informal complaints.



## APPENDIX 5

### Freedom of information

This statement is provided in accordance with Section 8 of the *Freedom of Information Act 1982* (the FOI Act) and is correct as at 1 July 2004.

Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised, its powers, the kinds of decisions made, arrangements for public involvement in work of the agency, documents held by the agency and how members of the public can access these documents.

#### Access to records under the FOI Act

Members of the public are entitled to apply for access to documents under the FOI Act. In many cases the FOI Act may not need to be used – the information being sought may be readily accessible through the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au), or by contacting the Manager of Corporate Communications by telephone on 02 6271 1255.

Decisions on granting access to documents under the FOI Act are generally made by the Senior Executive Service officer responsible for the work area to which the request relates. Access is usually provided in the form of copies of documents.

Alternatively, the Department can provide a reading area for the inspection of documents made available under the FOI Act.

Members of the public seeking access to documents under the FOI Act should make a request in writing to the Department or the relevant portfolio agency and enclose the fee payable under the regulations in respect of the request. These requests should include contact details including a telephone number and an address in Australia to which notifications can be posted. The Department's FOI Coordinator can help with this process. Telephone 02 6271 1657.

FOI requests for the Department should be addressed to:

The Secretary  
Department of Communications,  
Information Technology and the Arts  
GPO Box 2154  
CANBERRA ACT 2601

Attention: Freedom of Information  
Coordinator

Portfolio agencies, listed at page 10 are part of the Communications, Information Technology and the Arts portfolio, but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly. Contact details are provided at Appendix 1.

#### Categories of documents

The Department has extensive documentary holdings, in hard copy and electronic form. Certain categories of

documents are common throughout the Department. These include:

- documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Cabinet submissions;
- Ministerial briefings;
- records of representations to the Ministers and of other applications for advice and assistance;
- reference material used by staff including guidelines and manuals;
- audio and visual recordings held as part of the Department's cultural development activities; and
- legal advice.

The subject matter of departmental records includes the following.

### ***Cultural and sporting matters***

- performing, literary and visual arts
- collections sector
- international cultural relations
- public and educational lending rights
- cultural access programs
- taxation issues relating to the cultural sector
- trade issues relating to the cultural sector
- return of Indigenous cultural property
- Cultural Ministers Council
- support for the arts and culture
- the Centenary of Federation in 2001
- Federation Fund projects
- film

- national recreation safety organisations
- national anti-doping policy and programs
- international anti-doping forums
- Olympic, Paralympic and Commonwealth Games
- public liability insurance
- sports participation
- sport and leisure industry
- Sport and Recreation Ministers Council
- portfolio agencies

### ***Telecommunications***

- telecommunications policy, legislation and regulation
- postal policy, legislation and regulation
- international communications—bilateral and multilateral arrangements including Universal Postal Union (UPU) and Asian-Pacific Postal Union (APPU)
- maintaining international linkages and institutional frameworks through ITU, APEC, WTO and other relevant multilateral forums
- Telstra and Australia Post – corporate accountability
- Networking the Nation (NTN) General Fund
- Telstra Social Bonus Programs
- Untimed Local Calls in Extended Zones Agreement
- Telecommunications Service Inquiry and Implementation of Government's response
- Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)
- Consumer Representation and Research Grants Program

- Bilateral trade and cooperation including free trade negotiations
- Regional Telecommunications Inquiry and Implementation of Government's response
- RTI Community Information Campaign
- Higher Bandwidth Incentive Scheme (HiBIS)

### ***Information and communications technology (ICT) industry and intellectual property***

- ICT industry development policy, including ICT Framework for the Future project
- ICT industry development programs
- ICT industry development aspects of government procurement
- ICT innovation policy, including *Backing Australia's Ability – Building Australia's Future through Science and Innovation*
- ICT Centre of Excellence
- Regional Telecommunications Infrastructure Fund
- National Communications Fund
- intellectual property policy
- Commonwealth Copyright Administration

### ***Information economy***

- Netspots Directory (a database collecting records of public Internet access facilities across Australia)
- Coordinated Communications Infrastructure Fund
- Broadband Demand Aggregation Brokers Program
- National Broadband Strategy Implementation Group (NBSIG)
- Broadband Advisory Group (BAG)
- IT Skills Hub

- digital divide
- community connectivity
- broadband development policy
- ICT industry skills
- ICT literacy
- e-Business
- Information Technology Online Program
- Critical infrastructure protection – cyber security component
- online legal and regulatory framework, including spam and Internet domain names
- e-Security and trust issues including: IT security skills; e-Security research and development, authentication; cyber security and cyber fraud
- maintaining international linkages and institutional frameworks through ITU, APEC, OECD, ICANN and other relevant multilateral forums

### ***Broadcasting***

- commercial, national, satellite and community broadcasting
- broadcasting technology
- international communications – bilateral and multilateral arrangements including INTELSAT, INMARSAT
- television and radio, including digital conversion, pay television, subscription and narrowcasting services
- radiocommunications policy, legislation and regulation
- online content policy and legislation, including online gambling regulation
- TV Fund, including TV Black Spots program
- TV Black Spots – Alternative Technical Solutions (ATS) program
- Commercial Radio Black Spots program

### *Indigenous programs*

- broadcasting program
- maintenance of Indigenous languages and records
- maintenance and promotion of Indigenous arts and cultures
- sporting opportunities for Indigenous people

### *Legal*

- legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals
- freedom of information requests
- Ombudsman complaints
- privacy complaints
- documents relating to the drafting of legislation and contracts

### *Corporate and business*

- human resource management policy and operations
- financial and budget management
- IT and facilities management
- other corporate support services

## Manuals

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list is correct as at 1 July 2004 and is available on request from the FOI Coordinator, any office of the National Archives of Australia (NAA), or the NAA website.

## Organisation and functions

Information about the organisation and functions of the Department is contained in the Overview and Management and Accountability sections of this annual report.

## Decision-making powers of the Department affecting members of the public

Decision-making powers of the Department and/or the Minister that may affect members of the public are exercised under or in relation to the following Acts or regulations or other instruments made under those Acts:

- the *Appropriation (Supplementary Measures) Act (No.1) 1999*;
- the *Archives Act 1983*;
- the *Australia Council Act 1975*;
- the *Australian Broadcasting Corporation Act 1983*;
- the *Australian Communications Authority Act 1997*;
- the *Australian Film Commission Act 1975*;
- the *Australian Film, Television and Radio School Act 1973*;
- the *Australian National Maritime Museum Act 1990*;
- the *Australian Postal Corporation Act 1989*;
- the *Australian Sports Commission Act 1989*;
- the *Australian Sports Drug Agency Act 1990*;
- the *Broadcasting Services Act 1992*;
- the *Copyright Act 1968*;

- the *Datacasting Charge (Imposition Act) 1998*;
- the *Financial Management and Accountability Act 1997*;
- the *Income Tax Assessment Act 1936* – Divisions 10B and 10BA of Part III for certification of Australian films for tax concessions;
- the *Income Tax Assessment Act 1997* – Section 30-210 for the approval of valuers for the Cultural Gifts Program; subsection 30-305(2) in Division 30 for the approval of cultural organisations for the Register of Cultural Organisations; and Division 376 for the certification of films for eligibility for the refundable tax offset for film production in Australia;
- the *Interactive Gambling Act 2001*;
- the *Migration Regulations 1994*, Schedule 2 – in respect to the entry of foreign actors to Australia;
- the *National Gallery Act 1975*;
- the *National Library Act 1960*;
- the *National Museum of Australia Act 1980*;
- the *National Transmission Network Sale Act 1998*;
- the *NRS Levy Imposition Act 1998*;
- the *Public Lending Right Act 1985*;
- the *Public Service Act 1999*;
- the *Radiocommunications Act 1992*;
- the *Radiocommunications (Receiver Licence Tax) Act 1983*;
- the *Radiocommunications (Spectrum Licence Tax) Act 1997*;
- the *Radiocommunications Taxes Collection Act 1983*;
- the *Radiocommunications (Transmitter Licence Tax) Act 1983*;
- the *Radio Licence Fees Act 1964*;
- the *Spam Act 2003*;
- the *Special Broadcasting Service Act 1991*;
- the *Telecommunications Act 1997*;
- the *Telecommunications (Carrier Licence Charges) Act 1997*;
- the *Telecommunications (Consumer Protection and Service Standards) Act 1999*;
- the *Telecommunications (Numbering Charges) Act 1997*;
- the *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997*;
- the *Telecommunications (Universal Service Levy) Act 1997*;
- the *Television Licence Fees Act 1964*;
- the *Telstra Corporation Act 1991*;
- the *Trade Practices Act 1974, Parts XIB and XIC*.

### **Arrangements for outside participation and public involvement**

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's communications, information technology, arts and sport sectors. Information about issues on which the Department is currently consulting is available on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au).

The Department has an ongoing involvement with the following bodies, which play a role in consulting with the community and industry:

- Committee on Taxation Incentives for the Arts
- Community Broadcasting Foundation

- Contemporary Music Touring Program Committee
- Cultural Ministers Council (CMC)
- Festivals Australia Committee
- Film Certification Advisory Board
- Media and Communications Council (MACC)
- Playing Australia Committee
- Public Lending Right (PLR) Committee
- Sport and Recreation Ministers Council (SRMC)
- Visions of Australia Committee
- Networking the Nation Board
- Online Council

Further details of these bodies are listed on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au).

## APPENDIX 6

### Advertising and market research

Following are details of all amounts of \$1500 or more paid by the Department during the year to:

- advertising agencies;
- market research organisations;
- polling organisations;
- direct mail organisations; and
- media advertising organisations.

#### Advertising agencies

Name of organisation	Summary description of the nature and purpose of the consultancy	GST inclusive commissioned cost
M & C Saatchi Agency Pty Ltd	Australian Government community information campaign in response to the Regional Telecommunication Inquiry (RTI)	\$820 408
<b>Total</b>		<b>\$820 408</b>

#### Market research organisations

Name of person/organisation	Purpose of payment	Amount of payment
Sue Leach	Marketing Consultant	\$4 875
Elliott & Shanahan	Consultancy to conduct research into how and why Australian Communities value collections and collecting institutions	\$40 680
Shaaron Glynn	Market research interviewer services	\$7 971
Environmetrics	Old Parliament House market research services – café and exit surveys	\$13 368
Environmetrics	Old Parliament House market research services – interpretation evaluation project	\$7 956
Market Attitude research services	Market research services – November surveys	\$3 150
Market Attitude research services	Market research services	\$7 110
Quantum Market Research (Aust) Pty Ltd	Development research for the community information campaign in response to the Regional Telecommunication Inquiry	\$105 360
Quantum Market Research (Aust) Pty Ltd	Market research concept testing benchmarking and tracking research for RTI community information campaign	\$222 900
<b>Total</b>		<b>\$413 371</b>

## Direct mail organisations

Name of organisation	Summary description of the nature and purpose of the consultancy	Expenditure (2003–04)
Canberra Mailing	Mail out of <i>Arbeat</i> magazine, winter 2003	\$4 771
Canberra Mailing	Mail out of <i>Data</i> Magazine	\$1 757
National Mailing and Marketing	Mail out of <i>Artbeat</i> magazine, summer 2004	\$3 739
Gordan & Gotch Australia Pty Ltd	Handling fee for distribution of booklets for RTI campaign	\$47 011
<b>Total</b>		<b>\$57 279</b>

## Media advertising organisations

Name of person/organisation	Purpose of payment	Amount of payment
HMA Blaze Pty Ltd	Recruitment advertising	\$18 333
Pacific Distributors Pty Ltd	Advertising	\$3 080
PRIA NSW	Advertising	\$3 575
Yellow Pages in each State	Advertising	\$20 903
Australia Law Journal	Advertising	\$2 325
HMA Blaze Pty Ltd	Advertising tender	\$3 130
HMA Blaze Pty Ltd	Advertisement for AMOL redevelopment tender	\$4 500
HMA Blaze Pty Ltd	Advertising tender	\$3 547
HMA Blaze Pty Ltd	Advertising of tender to conduct Feasibility Study	\$2 438
HMA Blaze Pty Ltd	Advertising for 2003–04 PLR/ELR Programs	\$13 136
HMA Blaze Pty Ltd	2004 Annual PLR Advertising	\$17 794
HMA Blaze Pty Ltd	ELR and PLR Advertising in Trade Magazines	\$6 343
HMA Blaze Pty Ltd	ELR Advertising Cost for next program	\$17 889
HMA Blaze Pty Ltd	Recruitment advertising	\$4 269
HMA Blaze Pty Ltd	Request for tender – Investigation into the costs of a number of options in relation to indigenous television broadcasting	\$4 084
HMA Blaze Pty Ltd	Advertise Multichannel Consultancy request for tender	\$4 867
HMA Blaze Pty Ltd	Advertising – Indigenous Digital TV Service	\$3 234
HMA Blaze Pty Ltd	Advertising – Indigenous Digital TV Service	\$2 442
HMA Blaze Pty Ltd	Advertising – Indigenous Digital TV Service	\$1 815
HMA Blaze Pty Ltd	Job advertising	\$3 035

(Continued over)



## Media advertising organisations (continued)

Name of person/organisation	Purpose of payment	Amount of payment
HMA Blaze Pty Ltd	Tender advertisement in the Canberra Times and Australian for the Internal Audit Contract	\$3 071
HMA Blaze Pty Ltd	Tender advertisement for an Expression of Interest to conduct the Department's Client Service Survey	\$4 084
HMA Blaze Pty Ltd	Advertising for the IT Training and Technical Support Program	\$11 651
HMA Blaze Pty Ltd	Visions program advertising	\$8 073
HMA Blaze Pty Ltd	Touring Grants Advertising	\$4 664
HMA Blaze Pty Ltd	Advertising for Visions	\$5 944
HMA Blaze Pty Ltd	Advertising for the expanded Satellite Phone Subsidy Scheme	\$25 066
Hardie Design (Perform Information Design Solutions)	Provision of a design service for the Satellite Phone Subsidy Scheme	\$3 333
HMA Blaze Pty Ltd	Advertisement in newspapers for ITOL program	\$4 206
HMA Blaze Pty Ltd	Advertising for APS6 positions vacant	\$4 270
HMA Blaze Pty Ltd	Newspaper advertising of call for CCIF expressions of interest	\$14 994
HMA Blaze Pty Ltd	Newspaper advertising of call for applications for Community Based Broadband Demand Aggregation Brokers	\$19 566
HMA Blaze Pty Ltd	Advertising in print media. Request for tender for business and technical consultant	\$9 600
HMA Blaze Pty Ltd	Advertising in print media for National Broadband Education Adviser	\$16 702
HMA Blaze Pty Ltd	Advertising in print media for National Broadband Health Adviser	\$17 484
HMA Blaze Pty Ltd	Advertisement for a consultancy Contract	\$3 339
HMA Blaze Pty Ltd	Advertisement for a consultancy Contract	\$2 794
HMA Blaze Pty Ltd	Recruitment advertisements	\$6 563
HMA Blaze Pty Ltd	Recruitment advertisements	\$2 338
Universal McCann	TV and cinema advertising for Old Parliament House	\$17 323
HMA Blaze Pty Ltd	Print advertising in 'Panorama', <i>The Canberra Times</i>	\$37 366
HMA Blaze Pty Ltd	Print advertising in <i>The Sydney Morning Herald</i>	\$38 480

Name of person/organisation	Purpose of payment	Amount of payment
HMA Blaze Pty Ltd	Print advertising in various publications	\$25 519
Mix 106	Radio advertising for Old Parliament House	\$5 858
TW Media	Print advertising for Old Parliament House	\$6 045
Australian Capital Tourism Corporation	Print advertising in tourist publications	\$8 423
State of the Arts	Print advertising in <i>Limelight</i> magazine for Old Parliament House	\$3 743
HMA Blaze Pty Ltd	Print Advertising 'Panorama' – <i>Canberra Times</i>	\$39 434
HMA Blaze Pty Ltd	Print Advertising 'Panorama' for Commonwealth Place	\$26 159
HMA Blaze Pty Ltd	Mixed Print Advertising – including <i>Sydney Morning Herald</i>	\$20 425
Art and Australia	Print advertising for National Portrait Gallery Exhibition	\$2 455
Craft Arts International	Print advertising in <i>Craft Arts Magazine</i> for National Portrait Gallery Exhibition	\$4 500
Capital Magazine	Print advertising in <i>Capital Magazine</i>	\$3 500
State of the Arts	Print advertising in <i>Limelight Magazine</i>	\$3 008
HMA Blaze Pty Ltd	Recruitment advertisement	\$5 200
HMA Blaze Pty Ltd	Recruitment advertisement for EL2s	\$5 981
Universal McCann	RTI community information campaign-media advertising	\$1 909 049
HMA Blaze Pty Ltd	Recruitment advertising	\$5 211
HMA Blaze Pty Ltd	Advertising for S593 research grants	\$14 515
HMA Blaze Pty Ltd	Advertising for tender	\$3 346
HMA Blaze Pty Ltd	Advertising for tender	\$3 543
HMA Blaze Pty Ltd	Recruitment advertising	\$7 304
HMA Blaze Pty Ltd	Advertising S593 consumer representation grants	\$8 955
HMA Blaze Pty Ltd	Advertising for USO and CSG review	\$4 078
HMA Blaze Pty Ltd	Advertising for regional communications forum	\$3 320
HMA Blaze Pty Ltd	Advertisements in the <i>Australian Financial Review</i> seeking proposals from telecommunication service providers	\$3 370
HMA Blaze Pty Ltd	RFT advertising	\$4 084
HMA Blaze Pty Ltd	RFT advertising	\$6 338
HMA Blaze Pty Ltd	HiBIS data speed facility press advertisement	\$3 869
<b>Total</b>		<b>\$2 538 881</b>

## APPENDIX 7

### Discretionary grants

Discretionary grants are payments where the Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.

The discretionary grant programs administered by the Department in 2003–04 are listed below.

- Anti-Doping Research Program
- Coordinated Communications Infrastructure Fund
- Commercial Radio Black Spots Program
- Community Broadcasting
- Consumer Representation and Research Grants
- Demand Aggregation Brokers Program
- National Recreation Safety Fund
- Networking the Nation
- Remote Commercial Broadcasters Transmission Supplementation
- Television Black Spots – Alternative Technical Solutions Program
- Television Fund
- Cultural Development Program
  - Contemporary Music Touring Program
  - Distributed National Collection
  - Festivals Australia
  - Playing Australia
  - Regional Arts Fund
  - Visions of Australia.

More information about these programs is available on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au). A list of grant recipients for each program is available on request.

## APPENDIX 8

### Ecologically sustainable development and environmental performance

The Department's operations are primarily located in the Australian Capital Territory with small offices in Victoria and New South Wales. The majority of departmental functions are office-based with the exception of the NPG, OPH and the Artbank climate-controlled store in Sydney.

In March 2004, EMG re-endorsed the Department's environment policy. The policy formalises the Department's commitment to ecologically sustainable development through the implementation of a range of initiatives including:

- reducing the natural resources necessary for its operations where possible;
- reusing and recycling waste and materials consumed by its activities;
- complying with relevant legislation, Government initiatives and policies;
- effectively communicating environmental responsibilities, initiatives and programs to management, staff, contractors and visitors to the Department;
- encouraging participation in the workplace and promoting awareness of environmental opportunities both at work and at home; and
- applying the principles of ecologically sustainable development to capital works projects.

Several environmental milestones were reached in 2003–04 with a view to accreditation and improvement of the Department's Environmental Management System (EMS) in 2004–05, including:

- a complete review of the EMS for the Department's primary leases at 38 Sydney Avenue, 44 Sydney Avenue and 28 National Circuit in Forrest, ACT and environmental management plans together with recommendations for improvement;
- the commissioning of an Initial Environmental Review for 28 National Circuit;
- the commissioning of a Level 2 Energy Audit of all departmental operations in the ACT in accordance with *Australian Standard 3598:2000*;
- the creation of an environmental working group with members from all divisions of the Department;
- the development of an EMS education and awareness strategy for staff;
- the introduction of monitoring and audit programs to evaluate environmental performance; and
- the designation and upgrade of a staff position to include permanent duties relating to the Department's environmental management.

Four major environmental and energy management projects were also commenced during the year as listed below.

- The 38 Sydney Avenue lighting control upgrade. It is anticipated that this system will deliver a 10 to 20 per cent saving in lighting energy consumption when completed in August 2004.
- The lighting upgrade project at 38 Sydney Avenue and 28 National Circuit to produce a 30 to 40 per cent saving in lighting energy.
- A new waste management strategy which identifies targets for the reduction of waste has been developed for implementation in August 2004.
- A conference room fit-out project has delivered a range of ESD outcomes including the upgrade of the mechanical and lighting systems to run on an 'as required' basis, the purchase of new conference chairs manufactured from 60 per cent recycled product, recycling of aluminium and older furniture and the reuse of materials and equipment for the construction of partition walls and installation of audiovisual systems.
- Quarterly waste audits are conducted and data reported to the EMS Working Group.
- Departmental energy consumption is reported and monitored through the Australian Greenhouse Office's EDGAR online system.
- External energy audits of all departmental sites in the ACT are conducted by accredited energy consultants.
- An annual internal review process is conducted by the environmental coordinator to ensure EMS documentation is maintained in accordance with ISO 14001:1996.
- An environmental procurement and purchasing audit is planned for the 2004–05 financial year to address the environmental procurement aspects of the Department's EMS.

The Department has continued to purchase five per cent green energy with an ongoing commitment for 2004–05 and has also committed to the Greenfleet program to offset the departmental vehicle fleet emissions.

Monitoring of the Department's environmental and energy management systems is undertaken through a range of audit programs intended to evaluate compliance and overall performance as outlined below.

# APPENDIX 9

## Networking the Nation Annual Report



Senator the Hon Helen Coonan  
Minister for Communications,  
Information Technology and the Arts  
Parliament House  
CANBERRA ACT 2600

Dear Minister

In accordance with the terms of appointment of the members of the Board for the Networking The Nation (NTN) Program, I submit the annual report of the Board for the 2003-2004 financial year.

A total of \$31,166,000 was expended through the NTN Program in the period under review. The financial statements detailing this commitment are included in the Department of Communication, Information Technology and the Arts 2003-2004 Annual Report and have been audited by the Australian National Audit Office.

Funding for the General Fund has now been completed. The Local Government and BARN Funds are fully committed and have until 30 June 2005 to be completed. I am pleased to advise you that the evaluation of the NTN Program is nearing completion and I expect that this report will be forwarded to you by the end of 2004.

NTN has been quite a remarkable organisation with a very credible performance. Initially it was set up for a five year period and then was given two extensions making it seven years in all. The fact that we have had the same Board and a stable Secretariat indicates the stability that existed with the organisation during that time. Obviously all participants found a great deal of fulfilment and satisfaction in the work they were doing and the achievements they obtained.

I recall very clearly the startup of this organisation. We were awarded \$250 million over five years to assist telecommunications and services within rural and remote areas of Australia. This was a daunting challenge. Criteria had to be established and a Secretariat set up to administer its objectives.

The most immediate complaints that needed to be responded to centred around inadequate internet facilities for rural people. Our first act was to encourage telecommunication centres and train people in the use of computers. As time went on the demands and pressures broadened and there was a need to develop the use of video conferencing to help the medical, legal and educational requirements of people in remote areas. To achieve these objectives we also needed to help facilitate better terrestrial and satellite communications. These improvements were made possible by leveraging support from major telecommunication operators and State Governments.

(Continued over)

Towards the end of our program there was reduced pressures for internet and video conferencing facilities and more pressure for extension of mobile telephones. In this area there had been a huge upgrade of facilities to give communities immediate access to mobile phone services.

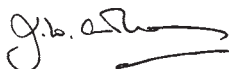
At this point of time emerging requests seemed to be for availability and extension of broadband services. This just illustrates that as time moves on technological advances will continually require changes and people's aspirations will want to keep abreast of them.

It is, however, also pleasing to know that telecommunications have been vastly improved for aboriginal communities across Australia and for people in remote islands.

Looking back over seven years it would be hard for me to put my finger on what have been the most outstanding accomplishments. But one aspect I would like to emphasise has been the relationship that has built up between the NTN Secretariat and State bodies. During my long experience over seventeen years on a variety of Commonwealth bodies as a Minister in a Commonwealth Government I have not experienced the co-operation as that which existed between NTN and the State organisations. Maybe this could be put down to the fact that NTN operations are very much hands-on personal services directly involving people. The pleasure derived by the recipients reflected back to the staff.

An enormous number of applications were examined and hundreds were approved. Amongst all these applications there were great successes and some disappointments. But on the whole it was quite a remarkable achievement and I know all of us on the Board and the Secretariat carry a great sense of pride and happiness in what we were able to achieve.

Yours sincerely



The Rt Hon JD Anthony  
Chair, NTN Board

30 June 2004

# NETWORKING THE NATION ANNUAL REPORT 2003-04

## Introduction

This is the final annual report of the Networking the Nation (NTN) Board. In recognition of that milestone, this Report departs somewhat from the past format and aims to present some of the highlights of the Board's work over its seven year life. At different points it includes the personal reflections of the Board members of the achievements of the Program and the progress that they have seen in improving telecommunications services in regional Australia.

The Australian Government established the NTN program in June 1997.

Over the subsequent seven years of operation, the NTN Program provided funding of over \$321 million to support activities and projects designed to address a range of telecommunications needs in regional, rural and remote Australia. In particular, NTN addressed issues around the availability, quality and cost of telecommunications services in regional, rural and remote Australia.

The NTN program operated during a period of rapid change in Australian communications. The program contributed to the rapid expansion in mobile telephone services, the large increase in Internet literacy, and the delivery of government, business and consumer services online.

## 1. 2003-04 Activities

### 1.1 *The NTN Board*

In the 2003-04 year, the Board focused heavily on issues related to the wind-up of the program.

Board Members were:

- The Rt Hon Doug Anthony (Chair)
- Adjunct Professor Gerry Anderson, Information Technology and Business, University of Ballarat
- Mrs Lindsay MacDonald, a Queensland wool grower and telecommunications activist
- Ms Johanna Plante, Chief Executive Officer of the Australian Communications Industry Forum Limited
- Ms Eleanor Scholz, manager of a regional South Australian telecentre

The Board members' term of appointment expired on 11 March 2004 and the Chair on 30 June 2004. The Board's Terms of Reference can be found at **Annex A** along with the History of the NTN program at **Annex B**.

During the 2003-04 financial year the Board members received the following awards:

The Rt Hon Doug Anthony

- 2004 Export Heroes Award from the Australian Institute of Export which was awarded in recognition of an



extraordinary contribution to the growth and development of Australian exports.

Ms Johanna Plante

- Service Provider Industry Association (SPAN) Telecommunications Achievement Award for Improved Industry Interworking.

### 1.1.1 Board Meetings

The dates of Board meetings or teleconferences convened during 2003-04 were as follows:

- 22 July 2003
- 5 December 2003 (teleconference)
- 4-5 March 2004

It was only necessary to hold two face-to-face meetings during the 2003-04 financial year as all funding had been committed.

### 1.1.2 Board Representation Duties

During the year the NTN Board members attended a number of project launches, regional conferences and other events including:

- Attendance at the Maitland Telecentre Project Launch, South Australia  
3 July 2003
- Attendance at the Clare Internet Project Launch, South Australia  
31 October 2003
- Panel Members and Speakers at Regional Communication Forum, Canberra  
7-8 October 2003
- Launch of Wangka Wilurrara Project at Ceduna, South Australia 24 June 2004

### 1.1.3 Board Approvals

In 2003-04 the Board approved \$1 108 782 in funding for two projects and five variations to existing projects across Australia. A list of new projects and variations approved during 2003-04 is provided at **Annex C**. **Annex D** provides information on the expenditure of NTN Funds and **Annex E** lists the status of the NTN projects, i.e. the number of active, terminated and acquitted projects by state and territory.

## 1.2 Project Acquittals

At the start of the year, 390 projects had been acquitted and by 30 June 2004 this had risen to 575 projects. Hence, a total of 185 funding agreements were acquitted in 2003-04. There are 187 projects remaining to be acquitted (see **Annex E**). This figure includes the 43 projects which are receiving funding from the BARN and Local Government Fund programs which will be continuing until 30 June 2005.

## 1.3 Consultancies

Over the year, a number of consultancies have been commissioned to assist with various aspects of the Program. Details of consultancies are outlined in Annex F.

## 1.4 ANAO Review

During 2002-03, the ANAO undertook a performance audit of the NTN Program (and the Rural Transaction Centres Program administered by the Department of Transport and Regional Services). On 5 November 2003, the ANAO's report, *The Administration of Telecommunications Grants*, was tabled in Parliament.

The Report commented in positive terms about many areas of the administration of the NTN Program. In particular, the ANAO found that the administration of NTN exhibited transparent decision making processes with clear documentation of reasons for decisions; there was no evidence of inequities in the decision making process; the funding agreements were consistent with better practice; and the NTN Secretariat had suitable processes in place to manage and monitor these agreements.

The ANAO report also identified a number of areas where better administrative practice could have been possible. This included conducting a needs analysis at the outset of the program, developing an evaluation strategy (and baseline data) at the outset of the program, improving risk management strategies, and improving reporting against performance indicators.

## 2. Program achievements

### *2.1 Addressing the Needs of Regional, Rural and Remote Australians*

The NTN Board conducted 12 funding rounds and considered over 2000 applications. It committed around \$321 million in funding to a total of 762 projects.

A defining feature of the Networking the Nation program was that it placed the right and the responsibility for initiating action to remedy local telecommunications deficiencies in the hands of regional communities and representative groups within those communities, along with state and local governments. This resulted in a very wide range of projects being submitted for funding.

The projects that received funding included:

- planning studies;
- communications infrastructure;
- mobile phone base stations and repeaters;
- websites and portals;
- videoconferencing;
- internet service providers and points of presence (POPs);
- public Internet access facilities;
- IT training; and
- online services/e-business trials

The second in the series of surveys to record the outputs that were the result of the NTN projects was conducted in 2003-04. This survey built on the first Report for 2002-03 (although the response rate was lower than the previous year).

Based on the consolidated data available, it is reasonable to conclude that the following infrastructure and services were delivered by NTN funding:

- Two hundred and sixty-seven mobile phone facilities were installed as a result of NTN funding. NTN provided almost \$40 million to fund the construction of these facilities, which was at least matched, bringing the total amount spent on mobile phone facilities to \$80 million;
- NTN funded the establishment of 153 POPS to provide Internet access at local call rates; and
- Around 550 funded videoconferencing facilities were funded by NTN many of which are in remote and very remote locations.

Further highlights of the program include:

- Around 290 NTN projects have provided training to over 947 840 people.
- Over 7390 organisations contributed time, funds, management expertise and administration support to the NTN projects.
- In terms of employment generation, NTN project managers indicated that NTN funded projects created around 980 full-time positions and 1465 part-time positions.

### ***2.2 NTN's Contribution – A Personal Reflection by NTN Board Members.***

From their perspective in three different states, three NTN Board members have made the following observations (see over page):

## A view from the Bush

At the time of commencement of Networking the Nation, many people in rural and remote Australia felt alienated from mainstream Australia, particularly in areas such as access to higher level telecommunications and information technology. It seemed to them that they were forever destined to remain decades behind.

In 1996, city dwellers were taking up mobile phone technology with gusto, but people in the vast inland rural areas could only imagine lives made easier and safer if they, too, could access mobile phones. At that time, carriers had no strategy to expand the coverage to any extent. Over the life of Networking the Nation, access to mobile telephony has been largely addressed.

In 1996, people in rural areas were beginning to realise the value of the Internet, but the cost of using it, together with a widespread lack of technical skills in many inland areas precluded many from access. Some had to pay up to \$18 an hour just to get to an ISP, and then pay per hour provider-charges on top of that. Speeds as low as 2.4 kbps added to the frustration and expense.

Projects funded by Networking the Nation acted as a driver to bring down access costs to the Internet, and emphasised the need for access to higher speeds to become more universally available.

Training programs provided the means to develop expertise which helped people gain confidence in using new technology.

In 1996, if you did not have face-to-face access to government services, you did without. For example, state taxpayer-funded services such as legal aid were simply not available, or did not meet client needs. Today, videoconferencing from even the smallest towns can greatly simplify gaining access to appropriate legal advice.

After seven years of the program, the result has been that the bush has embraced new technologies, and will not go back to the past.

The program has raised expectations and skill levels, as well as providing much better access to communications infrastructure and resources. People outside the metropolitan areas today routinely use online services to meet a whole range of needs, including business, social, health, education and community.

In conjunction with other Government initiatives such as the Extended Zone Tender, Networking the Nation-initiated projects have enhanced the quality of life of many rural families and provided new opportunities for interaction both within rural Australia, and with metropolitan areas.

As a rural Australian, I am aware that Rural Australia still faces many challenges. And as an NTN Board Member, I know that with the improvements delivered since 1996, rural Australians today are in a much better position to meet them.

**Lindsay MacDonald**  
**'Coolatai' Blackall, Qld**

## An essential life skill

Basic ICT skill proficiency is increasingly being recognised as an essential third life skill alongside literacy and numeracy. Users, and particularly new ICT users, require adequate training that provides information, advice and assistance in relation to the use of the services and the problems and issues that arise out of their use.

But, in the 1990s, ICT training opportunities in rural and remote Australia were not readily available, with more isolated users often having to travel long distances to access relevant courses.

The funding of online access centres and specific training programs through NTN has gone a long way to addressing the lack of training opportunities. Almost all online access centres established by NTN incorporated a training component as a necessary part of their operations.

In addition, NTN provided direct funding of around 30 IT training projects which have worked to develop rural people's skills in using personal computers and online services. Tens of thousands of regional Australians were able to benefit from projects such as the Queensland Rural Women's Network 'BridgIT' project; the Regional Connectivity Project in Victoria which, through 20 public Internet access sites in small towns in western Victoria, provided informal training in IT and the Internet; South Australia's 'Networks For You' project, a state-wide Internet training awareness initiative; Local Government Association of Northern Territory 'I've Got Email' which provided basic Internet

and email training (including electronic banking); and the Volunteers for Isolated Student Education (VISE) project 'Internet to the Outback' which successfully trained more than 1400 families living on isolated properties and communities.

NTN also supported a number of innovative educational projects including a pilot project to trial high quality Internet Access via satellite into home classrooms for South Australian School of the Air students. This award winning project has empowered students and teachers (and this has also extended to parents who have become more computer literate). Tasmania's 'OPEN-IT' project provided statewide delivery of online education for kindergarten to TAFE levels across a range of education providers and improved schools' access to online materials and increased curriculum choice for students in rural and remote areas.

There remains an ongoing need for basic IT training and technical support in regional and remote communities and it is pleasing to see that, following on from the success of the NTN program, the Government has allocated further funding specifically for IT training and technical support in the most remote areas of Australia.

I am certain that increased ease and familiarity with information technologies amongst regional communities will prove to be one of the most important legacies of the NTN program.

**Professor Gerry Anderson**  
**Ballarat**

## It was head banging stuff!!

Prior to NTN, if you were on a committee in a remote community seeking better telecommunication services you would have experienced: No interest by telcos in community driven approaches for mobile phone coverage; No interest in provision of local call access to the Internet; and Not being taken seriously in requesting access to ISDN connections for videoconferencing. With many groups knowing a bit about IT and believing in its potential, our communities were willing to contribute. If only we could be given a chance to kick-start the process!

Local call access to the Internet, IT equipment and training, technical support, mobile phones, access to videoconferencing, Satellite and growing Broadband services are a few of the benefits our remote communities have seen from the NTN program.

I'll focus for a bit on Telecentres/ Community Access Centres or similar centres that many communities have established.

The combination of community ownership, community contributions, and NTN funds assisted to speedup and spread the use of IT throughout the country. The strengths of this approach have been acknowledged by international visitors who have noted the real benefit of joint investment compared to just throwing \$ into infrastructure.

The approach does not guarantee the initial project will last forever, it does ensure the ownership, knowledge and experience will be spread through the regions and add so much more value to our communities.

The infrastructure remains and the opportunities increase.

Many centres have grown and broadened their vision by using their IT centres to form a base to bring a greater range of services and community development projects to their regions while still making the IT available to users. This fits well with the goal of centres becoming self-sustaining. We have seen NTN projects where partnerships have been developed with other Commonwealth and state rural programs e.g. RTC, Regional Solutions. This has been a great advancement in allowing communities to work towards their own solutions – the increased use of IT in local solutions is demonstrating increased knowledge, expectations and change.

The investment in IT centres has been such a positive step that we should not stop now. There is a recommendation in the Estens Report that 'All tiers of government should work together to support online access centres in regional, rural and remote Australia'. This will work along with our communities continuing to look, seek out and embrace their own opportunities towards sustainability. We should recognise that in some of our small and remote areas where these centres are most needed there should be a willingness to provide the appropriate resources.

As a Board member of NTN, I have had the privilege of seeing the enthusiasm, contribution and commitment many have invested towards NTN projects which increased the value and benefits far beyond the initial funding allocation.

**Eleanor Scholz**  
Wudinna, South Australia

## 2.3 Successful Projects

Broadly, the NTN Program has provided funding for projects that seek to improve access to telecommunications services for rural, regional and remote Australians, and reduce disparities between metropolitan and country communities.

Only not-for-profit organisations could apply for funding. This included local councils, incorporated community organisations, incorporated regional development organisations, local government associations, and state/territory governments.

Funding criteria were broad. The program aimed to enhance both the supply of infrastructure and services, and the demand for or uses of that infrastructure and services. A particular challenge for the NTN Board was the need to take account of the very fast technological change that was occurring.

The combination of the design elements of the program and the dynamic climate led to an enormously diverse range of projects being funded. The following provides a short snapshot of some of the projects worthy of note:

### Tasmanian Telehealth Network

This project pioneered the establishment of a medical quality video-conferencing network. It provides links to specialist and other medical advisory services in the main centres of Hobart and Launceston. Currently:

- 26 Telehealth Studios are fully operational, providing statewide coverage, with links to King, Cape Barren and Clarke Islands;
- 19 Community Health Centres and District Hospitals have received ICT equipment and network infrastructure upgrades;
- Specialist services currently being accessed via videoconferencing in response to community needs include: Palliative Care (specialist consultations, case reviews, case conferencing), Mental Health (Adult, Child & Adolescent, Gerontology, Forensic Services), Wound

Management/Dermatology, Diabetes Education and Support Groups, GP Training, Emergency Clinical Audits & Case Reviews, Orthotics/Prosthetics, Parkinson's Clinic, Specialist Clinic Appointments (LGH only), Ambulance Volunteer Training & Support, Oncology – Statewide Case Reviews, Drug & Alcohol counseling, Child, Youth & Family Services Family Conferencing, Child and Adolescent Mental Health On-Line Counselling Service, the Dementia Online Network, and the Community Pharmacy Network initiatives.

Over \$1 million annually is being saved in travel costs and salaries of medical staff, as well as the ongoing, greatly enhanced, medical service for rural Tasmanians. Innovations in standards and processes developed as necessary parts of the methodology under this project have been made freely available to other states.

## Regional Connectivity – Victoria

The University of Ballarat established a public Internet access presence in 13 small towns in central western Victoria. The University provided the key role in identifying these towns and opportunities in them to cooperate with other community activities. The University identified people who could form a local committee to be responsible for each site, but kept a broader network coordination active through personal contact, email and a monthly newsletter to exchange information and expertise.

The sites were named Community Enterprise Centres (CECs) to focus attention on long term sustainability.

The area was selected for attention because of low levels of IT awareness and utilisation, high unemployment and low levels of per capita income. Of the 65 long-term unemployed given an opportunity

under the Work for the Dole scheme, 52 (80 per cent) gained employment.

Informal and accredited IT training was provided to over 30 000 people and over 200 000 people attended and used the Internet and computers, with user friendly assistance from the 'Knowledge Navigator' at each site. On-site IT advice was provided to small businesses, for which demand was increasing by the end of the two years. It was estimated that the catalytic effect of ideas generated by the new technology brought approximately \$38 million of new money into the region. The sense of community and optimism was raised in each town, and a new level of initiative generated by the committee management processes. Social and technical skills were improved in a great many young people through the developmental atmosphere of the sites.

## School of the Air – SOTA

The SOTA trial to deliver a more modern distance education delivery method through high quality Internet access via satellite into student's home classrooms was overwhelmingly successful with all primary children enrolled with SOTA being taught via satellite/internet since April 2003. Students and teachers now have a virtual classroom and communicate with each other using voice over the Internet and a 'live' video camera.

As in real-life classrooms, students can now have instant feedback, show work done and work in small groups for exercises such as brainstorming and

the teacher can 'move' between groups to check on their progress. It has really empowered students and suddenly long division, cooking, science experiments, and PE can all be taught much more effectively. Classroom activities are now full of fun, opportunity and social engagement.

Parents have also felt the flow-on benefits of the project and have become Internet literate while helping their children with schoolwork and using these newly developed skills in their businesses. The project has also won an international award in the Brandon-Hall Excellence in e-Learning Competition.



## BridgIT Project

In 1998 the Queensland Rural Women's Network (QWRN) recognised the great IT challenge facing women living in rural, regional and remote Queensland in accessing affordable and 'woman-friendly' basic Internet training and support. From this recognition grew the notion of BridgIT, an innovative and far-reaching project to provide Internet training for rural and remote communities.

BridgIT offered personalised, basic Internet and email training to individuals and small groups in rural and remote Queensland by having centrally based trainers living and working in a number of training regions

across the state. Training was conducted in the home or office of the client or at public venues.

The project has had considerable success in assisting people in getting over those first hurdles of using the Internet in isolation, with over 10 000 people having participated in community awareness activities. Some 4000 individual training sessions were also delivered. The project has been held in such high esteem that it has been used as a model for the delivery of training. It has also been recognised through awards both nationally and internationally.

## Local Government Association of Queensland

The Local Government Association of Queensland's Connecting Communities project aimed to:

- establish Council and Community Online Services;
- improve intra-local government information exchange;
- identify and define opportunities to improve Council information and telecommunications infrastructure and systems;
- support the take-up of e-procurement; and
- improve dealings between Local Government and the Queensland State Government, by establishing infrastructure to allow all Queensland Council staff to access the State Government's intranet, GovNet.

Project findings suggest that potential savings of up to \$20 million per annum for Queensland Councils can be realised through the adoption of online technologies.

The project has led to the development and establishment of Local Government Online, which provides participating Queensland councils a suite of online services including e-procurement, billing, and tools to manage the storage and retrieval of local and state Government information and data through a one-stop access point.

## The Municipal Association of Victoria

The Municipal Association of Victoria Online Services Delivery project has made a significant contribution to local government in Victoria. Council web and intranet capability has been transformed from first generation web sites to sophisticated content management and distributed publishing systems.

Electronic payment of rates through the Internet is now almost universal across local government, supplemented by the development of a cross-jurisdictional open source public licence agreement. Electronic purchasing was introduced on a standard local government system, a web services implementation system was

developed and the project was able to forge closer links with both the Victorian and Australian governments. In late 2003, an independent consultancy assessed that Councils had obtained benefits valued at \$25 million during the life of the project, for the \$5.8 million invested. Many of these benefits will continue to be reaped each year into the future.

The Association has since hosted a conference open to all councils nationally, and continued dialogue with local governments in other states, to improve standardisation of processes and interoperability nationally.

## The Pitjantjatjara Yankunytjatjara Media Aboriginal Corporation project

As a result of the project, communications on the PY Lands have vastly improved.

There are 19 Internet centres offering a total of 67 computers for community use. ICT training and awareness programs are being implemented. On-going sustainability is being supported by sponsor organisations and revenue is being received from various facilities.

Website development is continuing, with all communities and homelands represented. The site ([www.waru.org](http://www.waru.org)) also offers a comprehensive photo archive and an online shop with potential for online art and/or music sales.

Thirteen videoconferencing sites have been established, with associated business plans for each community.

Technical support is available, both on-site and remote support, including a help line. Three trainees have been trained in technical support.

The UHF CB network is currently being installed in the region, including along an on-road corridor. Equipment includes mobile, static and handheld units.

## 2.4 Mobile phone projects

NTN funded the construction of mobile phone towers in all Australian states and the Northern Territory. Coverage was extended to around 1000 towns, villages, and hamlets.

### Enjoying a new freedom

The spread of mobile phone coverage has brought smiles to the faces of many.

Emergency service volunteers spread across rural and remote regions are one group to clearly benefit. Using their mobile phones, volunteers can now phone in to get details and let the communications centre know the call has been received and they are on their way to assist. This can now happen whether volunteers are out on the tractor, away from the business, home, office or just out taking a daily walk – we can now ring someone to pick us up and this cuts down on response times.

Prior to having mobile phones we always had to swap rosters to make sure there were always two people who could respond quickly.

Sounds pretty simple but it is amazing the freedom this gives to small groups of people who provide 24/7 emergency service coverage to their regions.

**Eleanor Scholz**  
**Wudinna, South Australia**

## 2.5 NTN projects that have won awards

The following NTN funded projects have received awards at some point in the life of the program:

- Local Call Internet Access for South West WA won the *Australia and New Zealand Regional Science Association – Prestigious Annual Practitioners Award*. The project provided Internet access at local call cost for communities in southern Western Australia.
- The Queensland Rural Women's Network's BridgIT project in QLD won the *Asia Pacific IT&T – Best of IT Regional Community Skills Award* for the provision of basic Internet training and support for women in rural and regional QLD. The project was also listed as one of 19 projects/businesses out of 200 to represent Australia at the International Asia Pacific Information Communications Technology Awards in Kuala Lumpur in September 2001.
- The Queensland Telemedicine Network won the *Health and Medical Queensland Information Industry Association Award*. The project improved the delivery of health care services to remote communities throughout North Queensland
- Women's Justice Network in QLD won the *Premier's Award for Excellence in Public Sector Management for Services to Rural and Regional Queensland*. The project increased access to justice for rural and indigenous women by integrating community and government legal services through the utilisation of video-link and Internet.

- Lithgow Community Technology Centre won the *Outstanding New Business 2001 Lithgow Business Award*. The project provided Internet and online services access to the public including business support, training and casual drop in access to the Internet.
- Coorong District Council in South Australia won the *National Award for Innovation in Local Government*. The project established a telecommunications infrastructure that provided lower cost communications links between Council offices and libraries and enhanced telecommunications network across the Coorong District Council local government area for use by the whole community.
- Burnett Inland Information and Technology Strategy (BIITS) project (Burnett Inland Economic Development Organisation) and Tarong Energy and Burnett.net.au – QLD won the *Commercial Bravery Category 2001 – Australian Financial Review Magazine's Sponsorship*. The project provided Internet access at local call rates to residents of the Inland Burnett region.
- Albany GateWAY project has been recognised internationally winning the Asia-Pacific IT&T Award in May 2000 and recently won the *12th Annual Western Australia Information Technology and Telecommunications Award 2003*. The project enhanced the Albany GateWAY portal and ensured its longer-term viability by increasing the level of awareness of the Portal's services.
- Central Highlands/Wimmera Region Online Project – the *Victorian Government 2002 Women in Online Technology* – awarded to Carol Hillsdon for travelling trainer work to teach people how to use and benefit from the Internet. The project developed and delivered IT and Internet Services and activities to benefit regions, electorates and communities of Central Victoria.
- Community Technology Centres Program received the *2002 NSW Premier's Silver Award for Services to Regional/Rural NSW*. The project established a funding pool to contribute towards the establishment and operation of at least 55 new Community Technology Centres (CTCs) throughout rural and regional NSW, managed, assisted and networked by a well resourced Support Unit established as counterpart contribution by the NSW Government. The CTCs promote and provide Internet access and training to their local communities, as well as a range of business and government services,
- Local-e: Online Action for New South Wales Local Government being implemented by the Local Government Association of NSW and Shires Association of NSW won the *Rural Award Category in Information Technology*. This project provided councils across rural NSW with the capacity to deliver ten high priority and 15 medium priority services online. It also provided interested, participating councils with e-procurement and geo-spatial applications.

- Online Privacy and Security Policy Tools project being implemented by the Local Government Association of Tasmania received a commendation in the *Online Privacy and Security Policies Category*. The project implemented electronic service delivery and communications for Tasmanian councils and their communities and encompass all non-metropolitan councils.
- Mapoon Aboriginal Association project received two awards for their website: the *National Award for Excellence – Category Rural – Award*; and *Strengthening Indigenous Communities*. The project established a public access facility for community members and incorporated a number of terminals to be utilised by community workers, youth, seniors and visitors and will be linked to future projects in Eco-Tourism, E-Commerce, Farming, Business Enterprises, Indigenous Library Unit, and Rangers Unit.
- Reach In/Reach Out project at Lochart River State School received the *Australian Primary School Category Award in the South East Asian IT&T Awards* in Cairns – 2003. Nichola House, one of the project coordinators, won the *QAITE (Queensland Society for Information Technology in Education) State Educator of the Year* and the ACCE (Australian Council for Computers in Education) National Educator of the Year for her involvement in the project. The project increased educational learning outcomes of students from remote communities in Cape York via improved telecommunications infrastructure.

## 2.6 The Networking the Nation Board

Membership of the Networking the Nation Board remained unchanged over the life of the program. The Board's term of office was extended twice in line with the extension of the NTN program.

The Board members undertook a small number of field trips to see the work being undertaken by communities implementing NTN projects.

## NTN Board Field Visits

Throughout the seven years of its existence, the NTN Board's responsibilities extended well beyond the assessment and approval of funding applications and projects. Almost every year, the Board embarked on a week-long field trip to view various NTN projects around the country and see first hand how the NTN funds were impacting regional, rural and remote Australia. These visits enabled the Board members to meet with individuals within the communities and obtain grass roots feedback on what NTN was achieving.

The NTN Board trips tended to focus on the more remote areas of Australia including:

- Alice Springs, Barron Creek, Yuendumu, Darwin and the Tiwi Islands in the Northern Territory;
- Walpole, Denmark, Albany, Wagin and Geraldton in Western Australia;
- Wudinna, Kimba, Tumby Bay and Port Lincoln in South Australia; and
- Laura, Lockhart River, Weipa, Mornington Island and Burketown in Queensland.

During these trips the Board visited a variety of NTN projects in regional centres, country towns and indigenous communities. It also met with the various State Government NTN Advisory Groups/Committees. The types of projects encountered included public access centres, libraries, schools, telecentres, Internet cafes, mobile telephone sites, telehealth sites, arts/cultural centres and videoconferencing facilities.

These visits allowed the Board to gain a better appreciation of a range of different

communities and projects as well as experience first hand the benefits these projects brought to the communities. They demonstrated the role of community leadership and active community contributions in achieving successful outcomes. The importance of state governments working cooperatively with NTN to deliver infrastructure and services was also highlighted.

Overall, the Board was greatly reassured by what the NTN projects achieved and the impact they had on so many dimensions of day-to-day life. Particularly impressive was the role that telecentres and public access centres appeared to play in raising the IT skills of people in rural and remote areas and providing Internet access and telelearning opportunities. The growing importance of videoconferencing facilities in hospitals, prisons, legal centres, schools and medical centres was also highlighted. And, of course, the popularity of projects providing enhanced mobile phone coverage was almost universal.

It is sometimes all too easy to underestimate the importance of field visits such as those on which the NTN Board periodically embarked. But for all Board members these visits proved to be invaluable, not only in providing a first hand demonstration of the impact that NTN projects can have (and have had) on individuals and their communities, but also in ensuring that the Board remained in touch with the needs of rural and remote communities and was able to make informed decisions.

**Johanna Plante**  
**Port Parnham, South Australia**

### 3. Evaluation of the Networking the Nation program

#### 3.1 Purpose and Scope

A comprehensive evaluation of the Networking the Nation program is currently being completed. This evaluation is examining major aspects of the NTN program and encompasses four key elements:

- an Efficiency Review of NTN Program Administration focusing on the administrative costs of the program and the extent to which the program complied with Australian National Audit Office (ANAO) best practice administrative procedures for programs (now completed);
- an Outcomes and Impact Evaluation assessing the extent to which the NTN program has achieved its objectives as well as determining the social and economic impact of the program on regional, rural and remote Australia (largely completed);
- a Program Outputs Report identifying the tangible assets and services (for example, the number of mobile phone towers, public internet access facilities and videoconferencing facilities) delivered to regional communities as consequence of NTN funding (largely completed); and
- a Summary Report identifying the lessons learnt from the NTN program which could be applied to improve the existing and future administration of departmental programs (underway).

The NTN Evaluation Strategy is based on the principles outlined in the ANAO's *Best Practice Guide for Administration of Grants* and the Department of Finance's *Program Evaluation: A Guide for Program Managers*.

#### 3.2 Efficiency Review of NTN

The *Efficiency Review of NTN Program Administration* has been completed by independent consultants, Origin Consulting in association with Walter Turnbull Associates. Origin Consulting found that, overall, the NTN program has been well managed, comparing well against many of elements in the ANAO's *Better Practice Guide for the Administration of Grants*. The strengths of the program's administration included the promotion of the program, advising potential applicants, the commitment of the staff, the facilitative approach of the staff (which contributed to the successful execution of projects), contracting, consultation with stakeholders, and the introduction of the online grants management system.

The review noted that there was scope for strengthening the monitoring framework, having a more structured and systematic approach to managing project risk and improving NTN's performance indicators.

In response to the Efficiency Review, the Department of Communications Information Technology and the Arts is developing a Practical Guide for Program Administration to incorporate better practice processes and procedures in its administration of programs.

### 3.3 Outcomes and impact evaluation

A comprehensive methodology has been adopted that utilises a wide variety of information sources to identify and assess the NTN program's outcomes and impacts against its stated objectives. This has included examining NTN final project reports, ABS data, and spatial analyses. As well, direct consultations have been held with a broad sample of communities where NTN projects have been funded, major funding partners, state Government agencies, and telecommunications carriers.

The preliminary findings of this analysis suggest that, over the past seven years, the NTN program has made an important impact on telecommunications services in regional Australia. The NTN program has supported projects involving telecommunications facilities (for example, mobile phone towers), the provision of public internet access, the development of online services and improving telecommunication services to indigenous communities. It has helped to address a wide range of barriers to telecommunications and Internet take-up – availability, affordability, skills and applications.

### 3.4 Program outputs report

This Report will build on the first report (*Goods and Services made available by NTN projects to local communities as of 1 July 2002*) and will show the progressive contribution of the NTN program to the provision of telecommunications infrastructure and services to regional Australia.

### 3.5 Summary report

The final element of the evaluation, the *Summary Report*, will draw on the other components of the evaluation to identify the key lessons of the NTN program. It should be completed by the end of 2004.



## ANNEX A

### Networking the Nation board terms of reference

The NTN Board's primary role is to approve the allocation to projects of funds held in the Regional Telecommunications Infrastructure Program in accordance with guidelines approved by the Minister. Once the Board has made its decision, the Department of Communications, Information Technology and the Arts will arrange for payments to applicants, subject to appropriate contractual arrangements.

The Board's decisions on the allocation of funds to projects will not require Ministerial endorsement.

The other roles of the Board are to:

- develop guidelines for the Minister's approval which set out the criteria against which projects will be assessed and selected for funding;
- consider submissions made to the Board by state and territory governments (at the invitation of the Minister) in determining a strategy for NTN funding for each state/territory;
- make recommendations to the Minister for Communications, Information Technology and the Arts on policy issues that may arise through the process of fund allocation;
- participate in the development, promotion and evaluation of the Programs; and

- present annual reports on the operations of the Programs (see below).

Responsibilities of the Board Members

Members have a responsibility to:

- consider each project application on its own merits in accordance with the guidelines as assessed against the selection criteria and to be fair and unbiased; and
- identify where there may be a conflict of interest.

#### ***Accountability***

Administration of the Programs will be subject to the normal processes of review of departmental Estimates by the Senate Legislation Committee. The Programs will be audited by the Auditor-General. For each year of the Programs' five-year life, the Board will present and the Minister will arrange for tabling in Parliament, an annual report on the operations of the Program. The report will include financial statements prepared in accordance with guidelines issued by the Minister for Finance and audit reports by the Auditor-General.

The Board will be expected by the general public, applicants, Parliament and key stakeholders to provide a justification for its funding decisions. The Board will need to determine to what extent this information will be made publicly available while at

the same time respecting commercial and applicant confidentiality. Documents would be subject to normal provisions relating to documents held in the Department of Communications, Information Technology and the Arts such as the Freedom of Information and Privacy Acts.

***General***

The Board will perform these functions in accordance with any guidelines, conflict of interest codes of conduct or meeting procedures in force from time to time.

## ANNEX B

### History of the Networking the Nation Program

#### *Funding*

The objective of the Networking the Nation (NTN) Program was to assist the economic and social development of rural Australia by funding projects which:

- Enhance telecommunications infrastructure and services;
- Increase access to, and promote use of, services available through telecommunications networks; and
- Reduce disparities between urban and non-urban areas in access to such services and facilities.

The Program was initially allocated a total of \$250 million from the sale of the first tranche of shares in Telstra. This funding became known as the General Fund. The \$250 million was apportioned so that the share each state received was in direct relation to the proportion of that state's population that resided outside the state's capital city.

In 1999 the Government announced an increase of \$174 million in NTN funding from the Social Bonus resulting from the sale of a further 16 per cent of Telstra. Of this:

- \$70 million was allocated to the Building Additional Rural Networks (BARN) initiative;
- \$45 million was allocated to the Local Government Program to assist local government authorities in regional

Australia to provide online access to information and services including the Internet;

- \$36 million was allocated to the Internet Access Program to stimulate Internet service delivery in regional and rural Australia;
- \$20 million was allocated to the Remote and Isolated Island Program to improve telecommunications access for these communities; and
- \$3 million was allocated for extended mobile telephone coverage – \$1 million each in WA, SA and Tasmania

A small administrative component deducted from the total allocations was used for the support of the NTN Board and Secretariat.

In the case of the Rural Internet Access Program, arrangements changed because a commercial offering from Telstra delivered the outcomes the Program was aiming to achieve. Consequently, in the 2001–02 Budget, the Government announced that it would reallocate funds to fund telecommunications and Internet initiatives as part of the Government's response to the Telecommunications Service Inquiry. A total of \$21 million was reallocated, \$15 million of the original funding was allocated to the National Communications Fund and \$6 million of the original funding was allocated to the Internet Assistance Program, a joint

venture with Telstra to provide better quality and faster access to dial-up Internet services. In the 2002-03 Budget the unspent residual funds were declared as savings.

In the case of the BARN Program, the uncommitted funds (totalling \$35 million in June 2003) were incorporated into the National Broadband Strategy as part of the Government's response to the Estens Report.

The General Fund Program, the Internet Access Program, and the Remote and Isolated Islands Program were conceived with finite funding periods. In all three cases funding was to conclude by 30 June 2003 (and in the case of the last two Programs this date was prescribed in legislation). In the course of the 2003-04 Budget, the Government approved a 12 month extension to the life of the General Fund Program, as a precaution against projects not being completed by the 30 June 2003 sunset date. The General Fund concluded on 30 June 2004.

### ***The NTN Secretariat***

The NTN Secretariat was provided by the Commonwealth Department of Communications, Information Technology and the Arts.

The Secretariat provided advice and guidance to applicants developing proposals, assisted the Board by assessing applications, administered the Deeds of Agreement, monitored the progress of funded projects, and acquitted all funding agreements. Secretariat staff also promoted the Program and discussed with interested parties the aims and potential benefits of the Program to their communities.

### ***General processes***

The NTN program operated under guidelines approved by the Minister for Communications, Information Technology and the Arts. In addition to the guidelines, the NTN Board issued fact sheets describing its funding priorities, determined after the Board's consideration of the Program guidelines and based on its experience with the Program. Applicants were able to access full information about the Program online, including Program Guidelines and Fact Sheets.

In 2000, NTN introduced an online grants application and project management facility. This enabled applicants to complete a registration form, to have their eligibility confirmed by the Secretariat, and then proceed to submit their application all online via a unique identifier and password. If applicants did not have Internet access, the Secretariat provided application forms and other material on floppy disk. Applicants without access to a computer were provided with a hard copy application form and hard copies of other material.

### ***State advisory groups/state contacts***

Each state, the Northern Territory and the Australian Capital Territory established an Advisory Group to assist the Board in its deliberations. These groups met before each Board meeting and provided information and advice on applications in relation to state policies and priorities for telecommunications and information technology.

In addition to the State Advisory Groups, each state, the Northern Territory and the Australian Capital Territory had a NTN

Coordinator to provide a point of contact for applicants and prospective applicants within that state/territory.

### *Other sources of advice*

Where necessary, technical and financial consultants were utilised to provide analysis of more complex applications. This analysis formed part of the Board's assessment.

Relevant Commonwealth Government departments and agencies (Department of Transport and Regional Services [DOTARS], Office of Aboriginal and Torres Strait Islander Health – Department of Health and Aging [DoHA] and the Aboriginal and Torres Strait Island Commission [ATSIC] were also consulted as appropriate by the Secretariat. They provided a source of advice on the merits of project applications, provisions of financial and technical advice, and other sources of Commonwealth funding and expertise.

The NTN Secretariat liaised with DOTARS to avoid duplication with the Rural Transaction Centre and Regional Solutions Programs.

## ANNEX C

### New projects approved by the NTN Board in 2003-04

Project code	Applicant	Project	Location	Description	Funds
TAS2003/384	Local Government Association of Tasmania	Website management tools	Tasmania	Implementation of a content management system and website management tools into a minimum of nine Tasmanian Councils.	\$169 000
MST2003/168	Community Teleservices Australia Inc	Teleservice Centres Viability in Rural and Remote Australia	Australia wide	Preparation of a report on issues relating to the viability of Telecentres.	\$50 000
<b>TWO NEW PROJECTS FUNDED IN 2003-04</b>				<b>TOTAL PROJECT FUNDING COMMITTED IN 2003-04</b>	<b>\$219 000</b>

## Project top-up funding to previously approved projects approved 2003-04

Project code	Applicant	Project	Location	Description	Funds
QLD2001/332	Beechmont Community Association Inc.	Beechmont Advanced Communications Upgrade Project (BACUP)	Beechmont	Additional funding for rental assistance for the Beechmont Community Association.	\$14 600
MST2001/146	Australian Local Government Association	Local Government Interoperability Framework	Australia wide	Funding for additional projects of national significance as part of the broader LGIF project.	\$364 065
NT1997/008 / NT2001/058	Northern Territory Department of Corporate and Information Services	Electronic Outback Project – eCAF and EOP	Northern Territory	Additional funding for changes to the platform infrastructure.	\$180 000
NT2001/070	Gap Youth Centre Aboriginal Corporation	dEadly mOb Internet Café	Alice Springs	Additional funding to purchase servers to host and service the email component and provide technical support for the Internet Café.	\$31 117
				TOTAL FUNDING FOR VARIATIONS TO PROJECTS	\$589 782
<b>TOTAL TOP-UP FUNDING TO EXISTING PROJECTS</b>					<b>\$589 782</b>
<b>TOTAL OF NEW PROJECTS APPROVED AND TOP-UP FUNDING TO EXISTING PROJECTS IN 2003-04</b>					<b>\$808 782</b>

## ANNEX D

NTN Expenditure  
1997-98 to 2003-04

	General Fund	Local Government Fund	BARN Fund	Remote & Isolated Islands Fund	Internet Access Fund	Extra Mobile Phone Coverage Fund	Total
ACT	\$3 807 793						\$3 807 793
NSW	\$35 627 892	\$5 263 333	\$7 635 303		\$884 730		\$49 411 258
NT	\$15 014 854	\$4 440 155	\$229 074	\$1 477 075			\$21 161 158
QLD	\$50 275 093	\$5 773 334	\$4 541 747	\$7 193 279	\$1 010 000		\$68 793 453
SA	\$25 328 541	\$4 908 000	\$762 000	\$84 000		\$1 000 000	\$32 082 541
TAS	\$55 524 893	\$4 726 227	\$2 476 832	\$4 248 131	\$157 114	\$1 000 000	\$68 133 197
VIC	\$27 249 052	\$5 773 334	\$1 030 169				\$34 052 555
WA	\$25 194 333	\$5 345 000	\$3 965 297			\$993 496	\$35 498 126
External Territories				\$2 497 248			\$2 497 248
National		\$2 802 660		\$2 358 259	\$860 000		\$6 020 919
<b>TOTAL</b>	<b>\$238 022 451</b>	<b>\$39 032 043</b>	<b>\$20 640 422</b>	<b>\$17 857 992</b>	<b>\$2 911 844</b>	<b>\$2 993 496</b>	<b>\$321 458 248</b>

## Notes:

1. These figures may change as projects formally acquit and identify interest earned and/or unexpended funds.
2. BARN and Local Government Funds expire on 30 June 2005. Expenditure of 43 BARN & LG Projects expected to be completed in 2004-05 have not been included.
3. The BARN expenditure for ACT is included under the NT.
4. These figures exclude the expenditure for Tasmanian Schools.



## ANNEX E

### Status of NTN projects

*As at 30 June 2004*

	Projects approved (includes terminated projects)	Terminated/ withdrawn/did not proceed/ after Board approval/or merged	Projects implemented	Projects acquitted	Projects completed (not yet acquitted)	Active projects
National	21	5	16	12	3	1
ACT	4	0	4	2	2	0
NSW	135	5	130	104	20	6
NT	26	1	25	14	2	9
QLD	150	6	144	103	27	14
SA	92	6	86	70	9	7
Vic	92	4	88	60	27	1
WA	53	4	49	35	10	4
Tas	189	4	185	153	13	19
Multi-state	27	4	23	16	3	4
External territories	13	1	12	6	5	1
<b>TOTAL</b>	<b>802</b>	<b>40</b>	<b>762</b>	<b>575</b>	<b>121</b>	<b>66</b>

Notes:

1. Acquitted projects are reconciled with the NTN Online System.
2. Active Projects includes 23 General Fund Projects still to be reconciled with the NTN Online System and 43 BARN & LG projects to be completed by 30 June 2005

#### Definitions:

**Projects approved:** projects approved by the NTN Board as formal decisions.

**Projects withdrawn:** projects approved but the applicant withdraws from the project prior to the signing of a funding agreement.

**Projects terminated:** approved projects terminated prior to projects completion. Funds may or may not have been released.

**Merged:** approved projects merged with an existing project.

**Acquitted:** approved projects finalised in accordance with the funding agreement of Agreement i.e. all funds have been paid, the recipients have completed the project and all required reports have been accepted.

**Completed:** approved projects completed but not finalised or acquitted.

**Active:** approved projects still to be completed.

## ANNEX F

## 2003-04 Annual Report Consultancy Services

Reference Number / Contract Number	Date Contract Entered	Company name if Applicable	Name of the consultant	Summary description of the nature and purpose of the consultancy	GST Inclusive Commissioned Cost	Is this Advertising and Market Research (Yes/No)	Expenditure (2003-2004)	Advertising Method (NA if none used)	Tender Document distribution method	Justification for the decision to employ consultancy services
DCON/03/44	19/04/2003	KPMG	Mr Michael Parkinson	Review of NTN Grant Programs	\$17,423.01	No	\$17,423.01	N/A	N/A	There were no staff within the Department with the specialised skills or knowledge needed to perform the task.
DCON/03/110	18/12/2003	Origin Consulting	Ms Sue McGrath & Mr John Sautelle	Provision of facilitators for community focus groups undertaking the Networking the Nation evaluation	\$30,000.00	No	\$26,950.00	N/A	eMail	Independent advice was required.
2000/1938	19/08/2003	KPMG	N/A	Review of NTN Grant Programs	\$122,439.12	No	\$54,392.95	N/A	N/A	Departmental staff with the specialised skills or knowledge needed to perform the task were not available to undertake the work within the required time frame.
DCON/03/073	24/06/2003	Wise Lord and Ferguson	N/A	Audit review of NTN projects	\$31,000.00	No	\$31,000.00	N/A	N/A	There were no staff within the Department with the specialised skills or knowledge needed to perform the task.



## Financial statements

Independent audit reports

2003–04 financial statements



## Other information

[Acronym list](#)

[Corrections to the 2002–03 Annual Report](#)

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# ACRONYM LIST

2-wsi	Two-way satellite Internet	AMOL	Australian Museums and Galleries Online
ABA	Australian Broadcasting Authority		
AbaF	Australia Business Arts Foundation	ANAM	Australian National Academy of Music
ABC	Australian Broadcasting Corporation		
ABS	Australian Ballet School	ANAO	Australian National Audit Office
ABS	Australian Bureau of Statistics	ANMM	Australian National Maritime Museum
ACA	Australian Communications Authority	ANP	Advanced Networks Panel
ACCC	Australian Competition and Consumer Commission	ANU	Australian National University
ACE	Australian Communication Exchange	APC	Australian Paralympic Committee
ACIF	Australian Communications Industry Forum	APEC	Asia–Pacific Economic Cooperation
ACMA	Australian Communications and Media Authority	APMA	Australasian Promotion Marketing Association
ACT	Australian Capital Territory	APPU	Asian–Pacific Postal Union
ACTF	Australian Children’s Television Foundation	APS	Australian Public Service
ADRP	Anti-Doping Research Panel	APSC	Australian Public Service Commission
ADSL	Asymmetric Digital Subscriber Line	APT	Asia–Pacific Telecommunity
AE	Additional Estimates	AREN	Australian Research and Education Network
AFC	Australian Film Commission	ASC	Australian Sports Commission
AFTRS	Australian Film, Television and Radio School	ASDA	Australian Sports Drug Agency
AGD	Attorney-General’s Department	ASDMAC	Australian Sports Drug Medical Advisory Committee
AGIMO	Australian Government Information Management Office	ASF	Australian Sports Foundation
AIA	Art Indemnity Australia	ASI	Australian Sport International
AICC	Australian International Cultural Council	ATO	Australian Taxation Office
AIIA	Australian Information Industry Association	ATSIC	Aboriginal and Torres Strait Islander Commission
AIS	Australian Institute of Sport	ATSIS	Aboriginal and Torres Strait Islander Services
		auDA	.au Domain Administration
		AUSFTA	Australia United States Free Trade Agreement

AWA	Australian Workplace Agreement	CPGs	Commonwealth Procurement Guidelines
AYO	Australian Youth Orchestra	CPI	Consumer price index
BA	Broadcast Australia	CPSU	Community and Public Sector Union
BAG	Broadband Advisory Group	CRC	Cooperative Research Centre
BARN	Building Additional Rural Networks	CSG	Customer Service Guarantee
BASA	Backing Australia's Sporting Ability – A More Active Australia	CSIRO	Commonwealth Scientific and Industrial Research Organisation
BDF	Business Development Fund	CTV	Community Television
BEFR	Budget Estimates and Framework Review	CTVA	Commercial Television Australia
BES	Broadcasting Engineering Services	CVACI	Contemporary Visual Arts and Craft Inquiry
BIAP	Book Industry Assistance Plan	DAB	Disability Advisory Board
BITS	Building on IT Strengths	DABP	Demand Aggregation Brokers Program
BSA	<i>Broadcasting Services Act 1992</i>	DBA	Digital Broadcasting Australia
CAC	Consumer Advisory Council	DCITA	Department of Communications, Information Technology and the Arts
CARP	Culture and Recreation Portal	DDSO	Digital Data Service Obligation
CBF	Community Broadcasting Foundation	DEWR	Department of Employment and Workplace Relations
CBP	Cultural Bequests Program	DFAT	Department of Foreign Affairs and Trade
CCA	Commonwealth Copyright Administration	DHH	Digital Harbour Holdings Pty Ltd
CCIF	Coordinated Communications Infrastructure Fund	DNC	Distributed National Collection Program
CDMA	Code Division Multiple Access	DNS	Domain Name System
CDP	Cultural Development Program	DoFA	Department of Finance and Administration
CDS	Commonwealth Disability Strategy	DOTARS	Department of Transport and Regional Services
CEI	Chief Executive Instructions	DRCS	Digital Radio Concentrators Systems
CEO	Chief Executive Officer	DSD	Defence Signals Directorate
CeNTIE	Centre for Networking Technologies for the Information Economy	DSTO	Defence Science and Technology Organisation
CFO	Chief Financial Officer	EAP	Employee Assistance Provider
CGM	Chief General Manager	EDGAR	energy data gathering and reporting
CGP	Cultural Gifts Program		
CMC	Cultural Ministers Council		
CMC SWG	Cultural Ministers Council Statistics Working Group		
Comtechport	Commonwealth Technology Portal		



## ACRONYM LIST

EEO	Equal Employment Opportunity	HiBIS	Higher Bandwidth Incentive Scheme
ELR	Education Lending Right		
Email	Electronic mail	HLOG	High Level Official Group
EMG	Executive Management Group	HR	Human resources
EMS	Environmental Management System	HRM	Human resource management
EOI	Expression of Interest	HRMC	Human Resources Management Committee
EPO	Erythropoietin		
ERASS	Exercise, Recreation and Sport Survey	IAP	Internet Assistance Program
		ICANN	International Corporation for the Assignment of Domain Names and Numbers
ESCG	Electronic Security Coordination Group		
ESD	Ecologically Sustainable Development	ICCP	Committee for Information, Computer and Communications Policy
eSTG	e-Security Task Group	ICT	Information and communications technology
FAL	Film Australia Limited		
FCHP	Federation Cultural and Heritage Projects	IIA	Internet Industry Association
FCP	Federation Community Projects	IMC	Information Management Committee
FFC	Film Finance Corporation Australia Ltd	INTELSAT	International Telecommunications Satellite Organisation
FFFC	Flying Fruit Fly Circus	IP	Intellectual property
FM	Frequency modulation	ISDN	Integrated Services Digital Network
FMA	Financial Management and Accountability	ISP	Internet Service Provider
FMIS	Financial Management Information System	IT	Information technology
FOI	Freedom of Information	ITOL	Information Technology Online
FTA	Free Trade Agreement	ITR	International Telecommunications Regulations
GAA	Graduate Administrative Assistant	ITU	International Telecommunication Union
GAC	Governmental Advisory Committee		
GBE	Government business enterprise	kbps	kilobits per second
gbps	gigabits per second	LAN	Local area network
GDP	Gross Domestic Product	LBP	Launceston Broadband Project
GHz	Gigahertz	LGF	Local Government Fund
GM	General Manager	LIMAC	Low Income Measures Assessment Committee
GSM	Global systems for mobiles	M2005	Melbourne 2005 Deaflympic Games

M2006	Melbourne 2006 Commonwealth Games	NSTC	National Science and Technology Centre (Questacon)
MAC	Ministerial Advisory Council	NSW	New South Wales
MACC	Media and Communications Council	NT	Northern Territory
MAI	Multilateral Agreement on Investment	NTN	Networking the Nation
MAN	Metropolitan Area Network	NZ	New Zealand
MHz	Megahertz	OECD	Organisation for Economic Cooperation and Development
MMS	Multimedia Messaging Service	OH&S	Occupational Health and Safety
MNC	Multi National Corporation	OPH	Old Parliament House
MOU	Memorandum of Understanding	PAES	Portfolio Additional Estimates Statements
MP	Member of Parliament	PBS	Portfolio Budget Statements
MTAA	Motor Trades Association of Australia	PhD	Doctor of Philosophy
MTETS	Mobile Telecommunications Education and Training Service	PLR	Public Lending Right
NAA	National Archives of Australia	PWD	People with a Disability
NADC	National Australia Day Council	QLD	Queensland
NAISDA	National Aboriginal and Islander Skills Development Association	RAA	Regional Arts Australia
NBSIG	National Broadband Strategy Implementation Group	RAF	Regional Arts Fund
NCA	National Capital Authority	RAO	Regional Arts Organisation
NCAF	National Collections Advisory Forum	RBBS	Regional Broadband Services
NCC	National Competition Council	REP	Regional Equalisation Plan
NCF	National Communications Fund	RFT	Request for Tender
NGA	National Gallery of Australia	RICP	Return of Indigenous Cultural Property Program
NICA	National Institute of Circus Art	RMIT	Royal Melbourne Institute of Technology
NICTA	National ICT Australia	ROCO	Register of Cultural Organisations
NIDA	National Institute of Dramatic Art	RSISG	Recreation and Sport Industry Statistical Group
NLA	National Library of Australia	RSTU	Research Statistics and Technology Unit
NMA	National Museum of Australia	RTI	Regional Telecommunications Inquiry
NOIE	National Office for the Information Economy	RTIA	Regional Telecommunications Infrastructure Account
NPG	National Portrait Gallery	SA	South Australia
NRS	National Relay Service	SBS	Special Broadcasting Service
NSC	National Security Committee		

## ACRONYM LIST

SCORS	Standing Committee on Recreation and Sport	TES	Telstra Enterprise Services
SDDSO	Special Digital Data Service Obligation	TSI	Telecommunications Service Inquiry
SELDI-TOF	Surface-Enhanced Laser Desorption Time-of-Flight	TTY	Telephone typewriter
SES	Senior Executive Service	UK	United Kingdom
SG3	Study Group 3	UNESCO	United Nations Education, Scientific and Cultural Organisation
SIA	Sport Industry Australia	UPU	Universal Postal Union
SITA	Société Internationale de Télécommunications Aéronautiques	US	United States of America
SME	Small to medium sized enterprise	USA	United States of America
SMS	Short Messaging Service	USO	Universal Service Obligation
SRMC	Sport and Recreation Ministers' Council	VIC	Victoria
SSA	ScreenSound Australia	ViCCU™	Virtual Critical Care Unit
SWG	Statistics Working Group	VoIP	Voice Over Internet Protocol
TAPRIC	Telecommunications Action Plan for Remote Indigenous Communities	WA	Western Australia
TAS	Tasmania	WADA	World Anti-Doping Agency
TECC	Tasmanian Electronic Commerce Centre	WCC	Workplace Consultative Committee
		WiFi	Wireless Fidelity
		WTO	World Trade Organisation
		www	World Wide Web
		xDSL	x Digital Subscriber Line

## Educational Lending Right and Public Lending Right Scheme – Book Industry Assistance Plan

The total value of payments made to new creators, creators and publishers on page 40 of the Department 2002–03 annual report was reported as \$6.22 million. The total value of payments made was \$6.259 million.

Appendix 3 on consultancy services on page 149 of the Department's annual report for 2002–03 contained an incorrect statement about the number and value of consultancy contracts administered during that financial year. Appendix 3 should have provided a list of all consultancy contracts let to the value of \$10 000 or more (inclusive of GST) for that financial year. The corrected list is provided on the Department's website at [www.dcita.gov.au](http://www.dcita.gov.au).

## Consultants

The section on consultants on page 131 of the Department's annual report for 2002–03 incorrectly referred to the total number of consultancy contracts administered during that year, rather than the total number of consultancy contracts let during that year. For the 2002–03 financial year, the Department let a total of 121 consultancy contracts incurring a total expenditure for the year of \$10 308 731.79.

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